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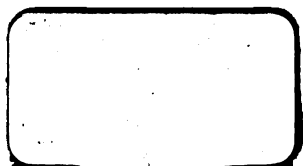
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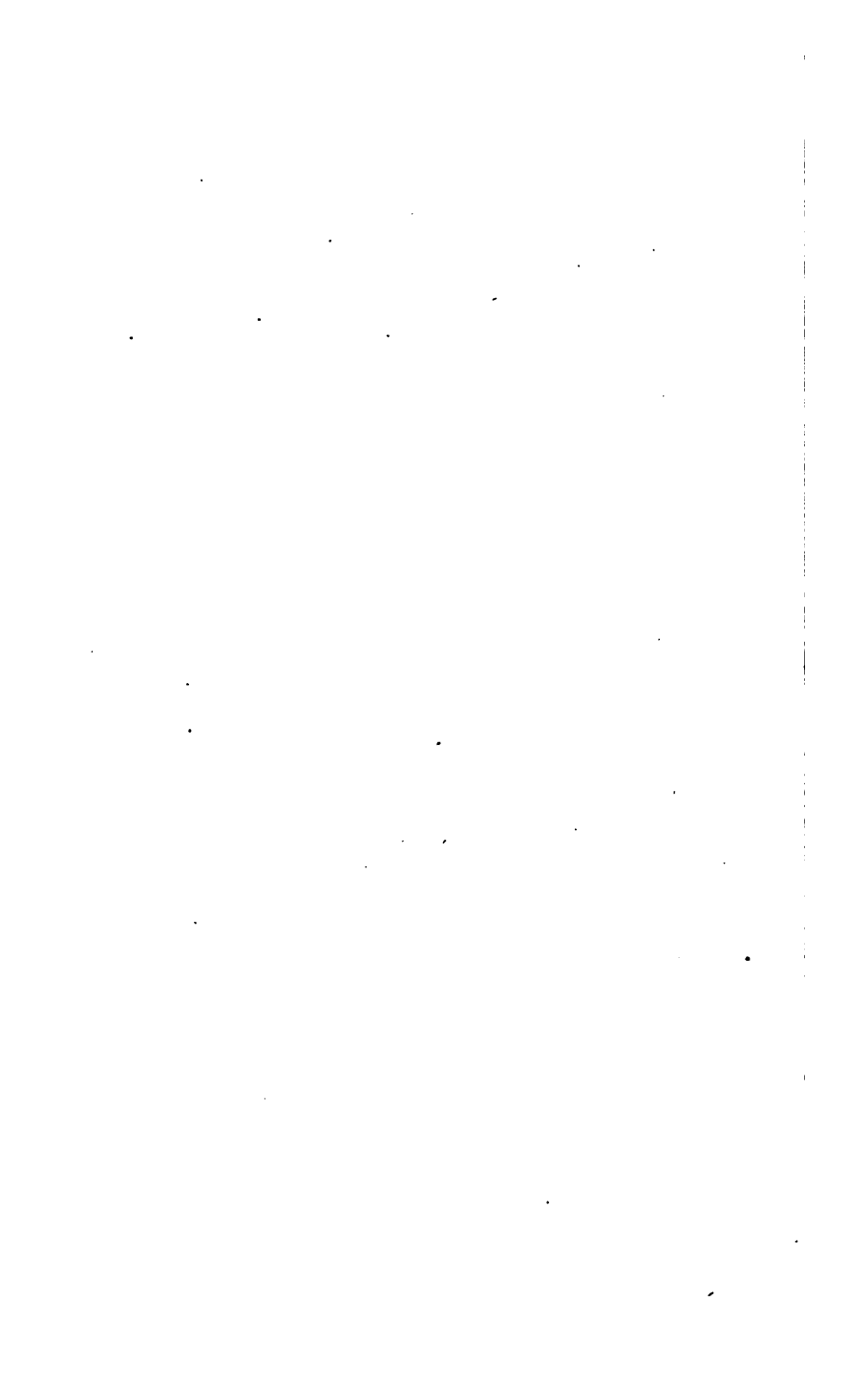
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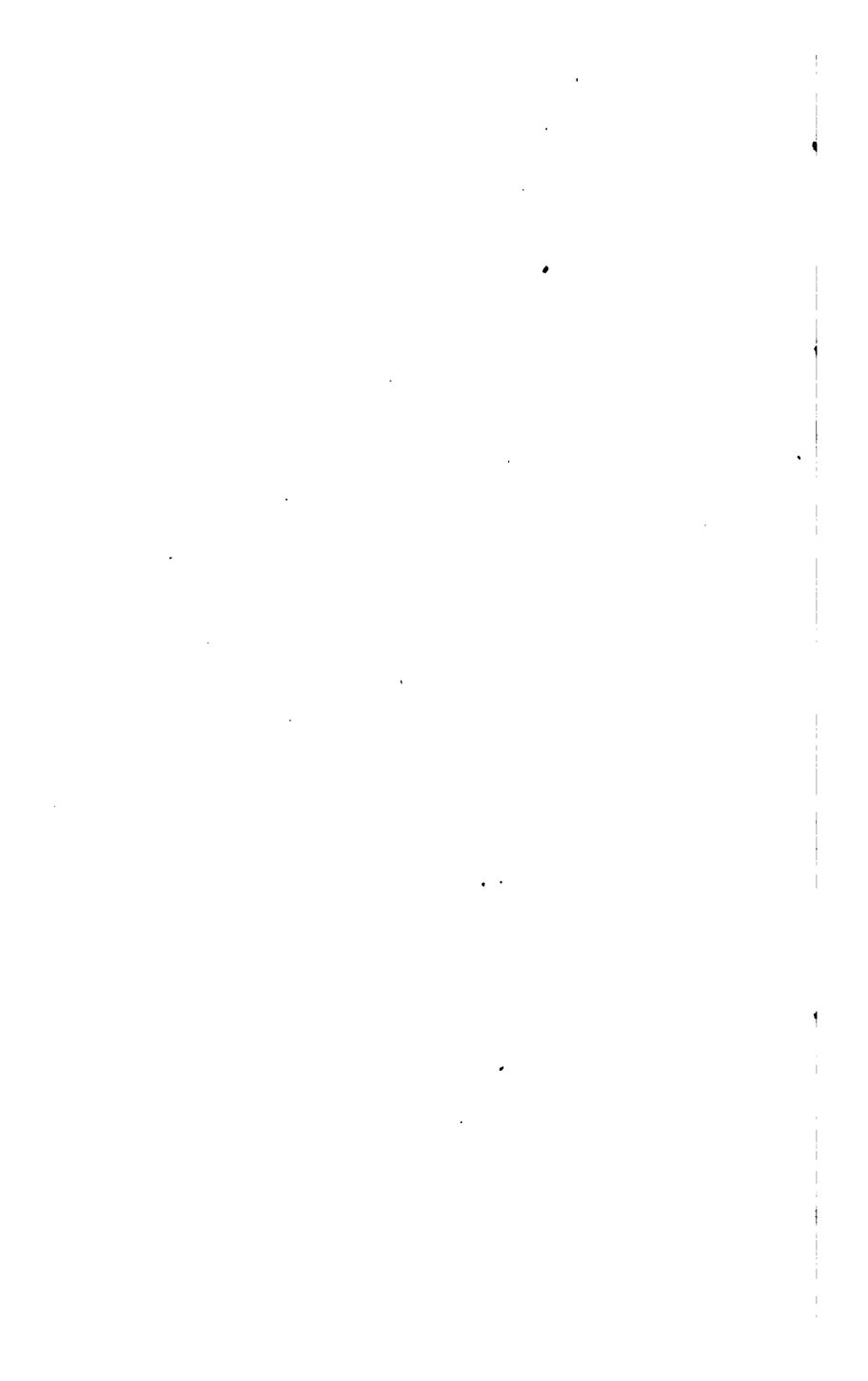
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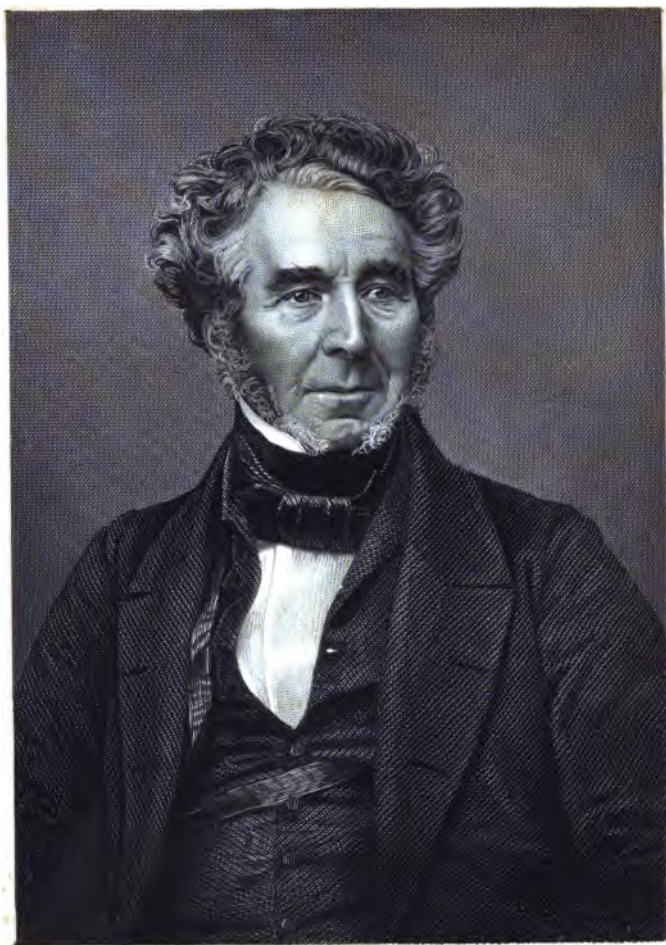


**THE ELEMENTS OF BANKING.**





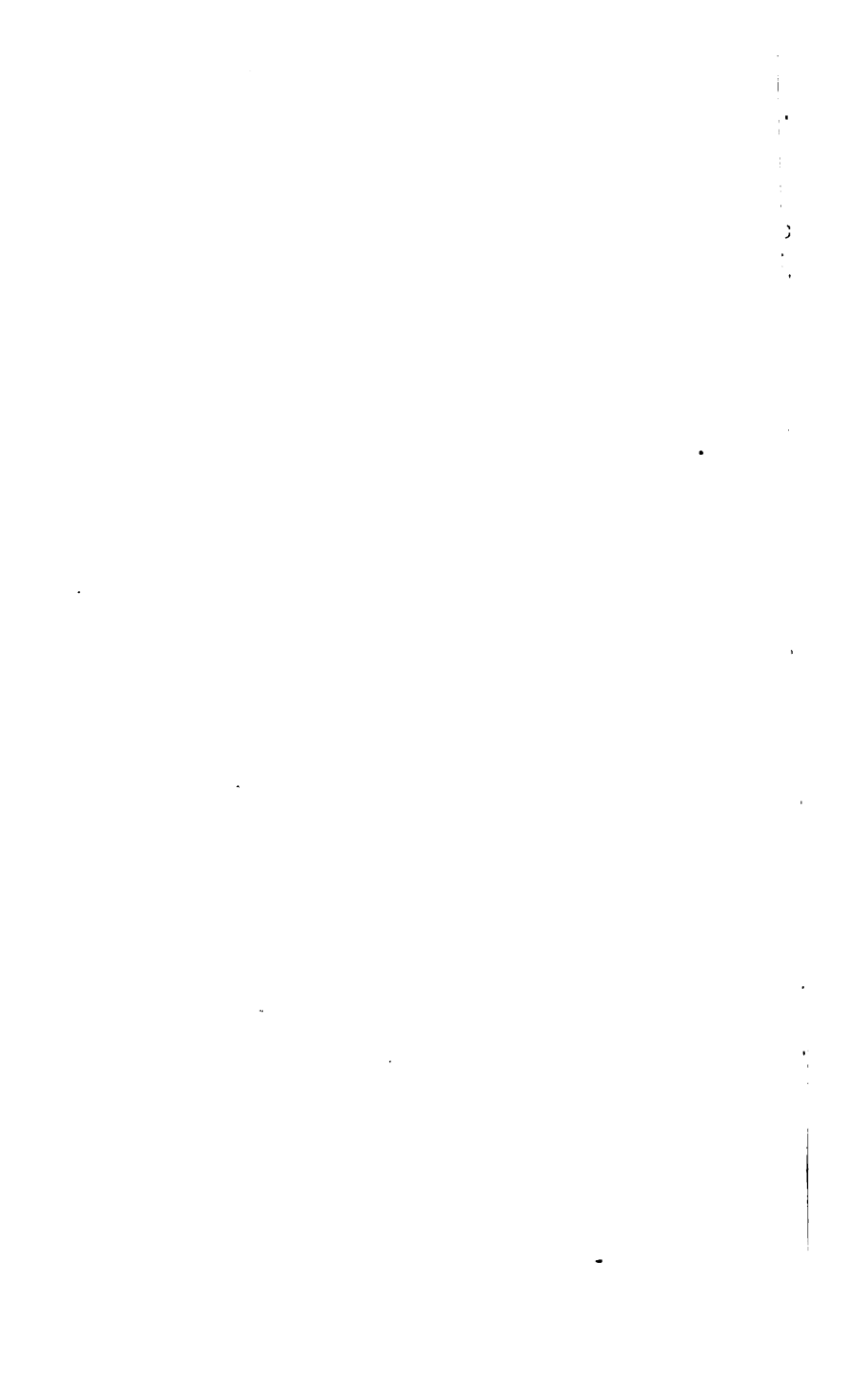




Engraved by E. J. Pound from a Photograph by Mayall.

*James William Gillbart, F.R.S.*  
*General Manager of the London & Westminster Bank*  
*From its Commencement, March 10<sup>th</sup> 1831, to Jan<sup>y</sup> 11<sup>th</sup> 1860.*





THE  
ELEMENTS OF BANKING;

WITH  
TEN MINUTES' ADVICE ABOUT KEEPING  
A BANKER.

BY  
J. W. GILBART, F.R.S.

*Fourth Edition.*

LONDON:  
LONGMAN, GREEN, LONGMAN, AND ROBERTS.  
1860.

*232. c. 22.*



## P R E F A C E.

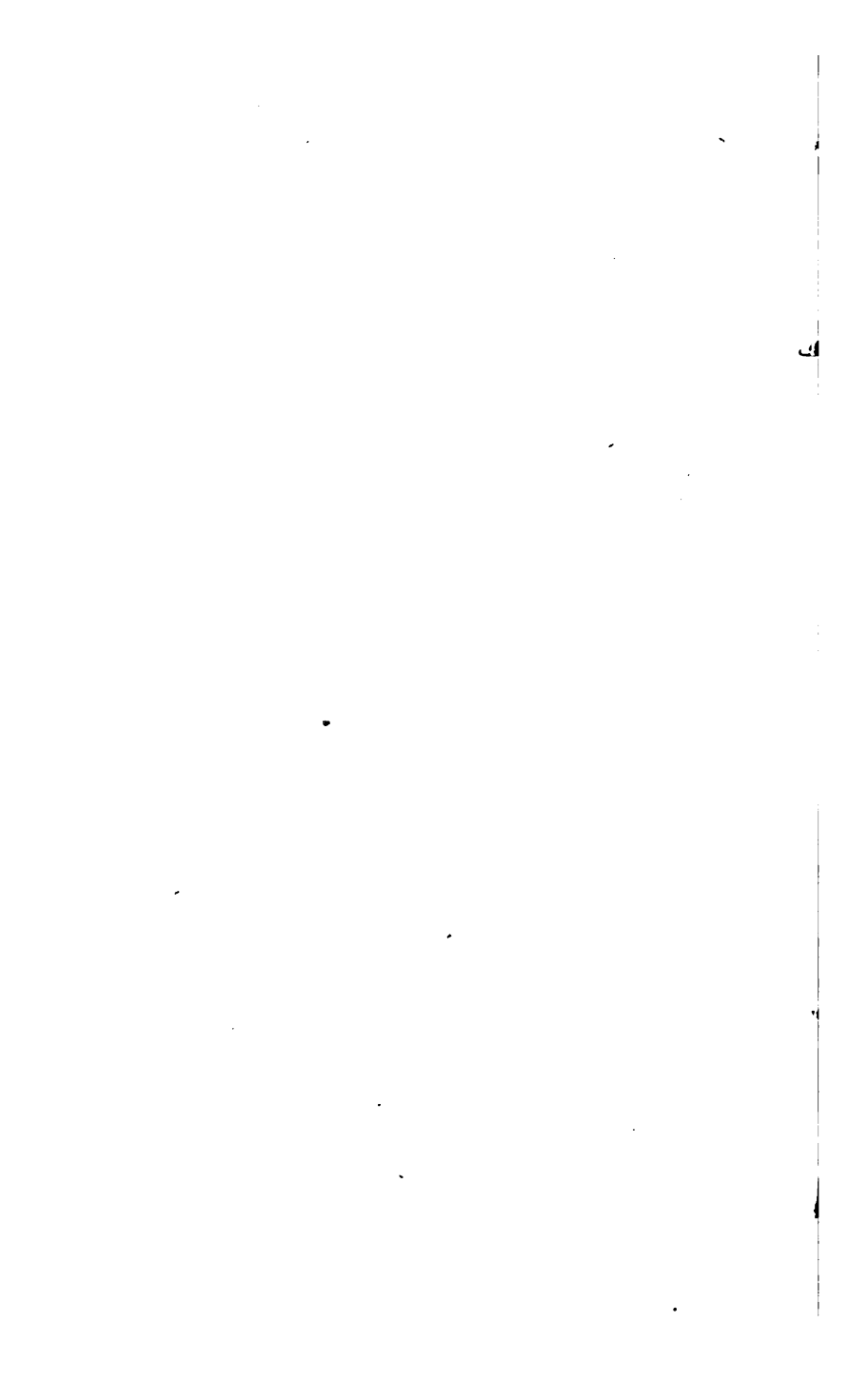
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THE former Editions of this work consisted chiefly of selections from my "Practical Treatise on Banking," arranged expressly for the use of those readers who are desirous of obtaining, with a small expenditure of either time or money, a general knowledge of the business of Banking. The present Edition is enlarged by some extracts from my "Logic of Banking," respecting "the Bank of England as a Central Bank of Deposit," and "the effects produced by the establishment of Joint-Stock Banks in London." It has also two additional Sections—one occasioned by the Meeting, in London, of the International Statistical Congress; the other by my own retirement from the office of General Manager of the London and Westminster Bank. The work is thus increased from 102 to 181 pages. The price is the same.

J. W. G.

LONDON,

*October 10, 1860.*



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LONDON:

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THE  
ELEMENTS OF BANKING.

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SECTION I.

THE NATURE OF BANKING.

“WHAT is it that we call a Banker? There is in this city a company or corporation, called goldsmiths, and most of those called bankers are of that corporation; but so far as I know, there is not a company or corporation in England called bankers, nor has the business any definition or description either by common law or by statute. By custom we call a man a banker who has an open shop, with proper counters, servants, and books, for receiving other people’s money, in order to keep it safe, and return it upon demand; and when any man has opened such a shop, we call him a banker, without inquiring whether any man has given him money to keep or no; for this is a trade where no apprenticeship is required, it having never yet been supposed that a man who sets up the trade of banking, could be sued upon the statute of Queen Elizabeth, which enacts, that none shall use any art or mystery then used but such as have served an apprenticeship in the same.”\*

The term Bank is derived from *bancho*, the Italian word for Bench, as the Lombard Jews in Italy kept *benches* in the market-place, where they exchanged money and bills. When a banker failed, his bench was broken by the populace; and from this circumstance we have our term *bank-rupt*.

\* Speech, delivered in the House of Commons, in 1746.—See the London Magazine for that year, page 120.

A banker is a dealer in capital, or more properly a dealer in money. He is an intermediate party between the borrower and the lender. He borrows of one party, and lends to another; and the difference between the terms at which he borrows and those at which he lends, forms the source of his profit. By this means he draws into active operation those small sums of money which were previously unproductive in the hands of private individuals; and at the same time furnishes accommodation to those who have need of additional capital to carry on their commercial transactions.

Banks have been divided into private and public. A private bank is that in which there are but few partners, and these attend personally to its management. A public bank is that in which there are numerous partners, and they elect from their own body a certain number, who are entrusted with its administration. The latter are usually called Joint-stock banks.

The business of banking consists chiefly in receiving deposits of money, upon which interest may or may not be allowed—in making advances of money, principally in the way of discounting bills—and in effecting the transmission of money from one place to another. Private banks in metropolitan cities are usually the agents of the banks in the provinces, and charge a commission on their transactions. In making payments, many country banks issue their own notes.

The disposable means of a bank consist of—First, the capital paid down by the partners or shareholders. Secondly, the amount of money lodged by their customers. Thirdly, the amount of notes they are able to keep out in circulation. Fourthly, the amount of money in the course of transmission—that is, money they have received, and are to repay, in some distant place, at a future time.

These disposable means are employed—First, in discounting bills. Secondly, in advances of money in the form of cash credits, loans, or overdrawn accounts. Thirdly, in the purchase of government or other securities. Fourthly, a part is kept in the banker's till, to meet the current demands. Of these four ways of employing the capital of the bank, three are productive, and

one is unproductive. The discounting of bills yields interest—the loans, and the cash credits, and the overdrawn accounts, yield interest—the government securities yield interest—the money in the till yields no interest.

The expenses of a bank may be classified thus : rent, taxes, and repairs of the house in which the business is carried on ; salaries of the officers ; stationer's bills for books, paper, notes, stamps, &c. ; incidental expenses, as postages, coals, &c.

The profits of a bank are that portion of its total receipts—including discount, interest, dividends, and commission—which exceeds the amount of the expenses.

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## SECTION II.

### THE UTILITY OF BANKING.

In the first place, banks are useful as places of security for the deposit of money. The circumstance which gave rise to the business of banking in this country, was a desire on the part of the merchants of London to obtain a place where they might lodge their money in security. Every one who has had the care of large sums of money, knows the anxiety which attends their custody. A person in this case must either take care of his money himself, or trust it to his servants. If he take care of it himself, he will often be put to inconvenience, and will have to deny himself holidays and comforts, of which a man who is possessed of much money would not like to be deprived.

If he entrust it to others, he must depend upon their honesty and their ability. And, although in many important cases a master is compelled to do this, yet he does not feel the same satisfaction as if the money was actually under his own care. Some instances of neglect, or of dishonesty, will necessarily occur, and these will occasion suspicion in reference to other parties against whom no suspicion ought to be entertained. Besides, in both these cases the money is lodged under the owner's own roof, and is subject to thieves, to fire, and to other contingencies, against which it is not always easy to guard.

All these evils are obviated by means of banking. The owner of money need neither take the charge of it himself, nor trust to his dependents. He can place it in the hands of his bankers. They are wealthy men, and are responsible to him for the amount. If they are robbed, it is no loss to him: they are pledged to restore to him the amount of his deposit when he shall require it. Whenever he wants money, he has only to write an order or draft upon his banker, and the person to whom he is indebted takes the draft to the bank, and without any hesitation or delay receives the money.

2. The bankers allow interest for money placed in their hands.

By means of banking the various small sums of money, which would have remained unproductive in the hands of individuals, are collected into large amounts in the hands of the bankers, who employ it in granting facilities to trade and commerce. Thus banking increases the productive capital of the nation. At the origin of banking, "the new-fashioned bankers," as they were called, allowed a certain rate of interest for money placed in their hands. The banks of Scotland carry this practice to the greatest extent, as they receive upon interest so low an amount as ten pounds; and also allow interest on the balance of a running account. Many of the country bankers in England allow interest on the balance of a running account, and charge commission on the amount of the money withdrawn. The London bankers generally do not allow interest on deposit, but neither do they charge commission. All their profits are derived from the use of their customers' money. The banks of Scotland do not charge commission, although they allow interest on deposits; but then those banks have a profit by the issue of their notes. The London bankers do not issue notes.

3. Another advantage conferred upon society by bankers is, that they make advances to persons who want to borrow money. These advances are made—by discounting bills—upon personal security—upon the joint security of the borrower and two or three of his friends—and sometimes upon mortgage. Persons engaged in trade and commerce are thus enabled to augment their capital, and

consequently their wealth. The increase of money in circulation stimulates production. When bankers are compelled to withhold their usual accommodation, both the commercial and the agricultural interests are plunged in extreme distress. The great advantage arising to a neighbourhood from the establishment of a bank is derived mainly from the additional supplies of money advanced in the form of loans, or discounts, to the inhabitants of the place. This principle is so well understood in Scotland, that branch banks are sometimes established in poor districts, with a view of obtaining a future profit from the prosperity which the bank will introduce.\*

4. Another benefit derived from bankers is, that they transmit money from one part of the country to another.

There is scarcely a person in business who has not occasion some time to send money to a distant town. But how is this to be done? He cannot send a messenger with it on purpose—that would be too expensive. He cannot send it by post—that would be too hazardous. Besides, the sum may be some fraction of a pound, and then it cannot go by post. The post, too, takes a considerable time, as three letters at least must pass on the transaction. If he live in London he may obtain a bank post bill, but he cannot obtain that in the country: and he may not be able to obtain it in London for the exact sum he wants. How, then, is the money to be sent?

Every country banker opens an account with a London banker. If, then, a person lives at Penzance, and wants to send a sum of money to Aberdeen, he will pay the money into the Penzance bank, and his friend will receive it of the Aberdeen bank. The whole transaction is this: the Penzance bank will direct their agent in London to pay the money to the London agent of the Aberdeen bank, who will be duly advised of the payment. A small commission charged by the Penzance bank, and the postages, constitute all the expenses incurred, and there is not the least risk of loss.

Commercial travellers, who go collecting money, derive great advantage from the banks. Instead of carrying

\* Evidence before the Select Committee of the House of Commons upon the Abolition of Small Notes, p. 43.

with them, throughout the whole of their journey, all the money they have received, when perhaps it may be wanted at home, they pay it into a bank, by whom it is remitted with the greatest security, and at little expense : and they are thus delivered from an incumbrance which would have occasioned great care and anxiety.

5. Wherever a bank is established, the public are able to obtain that denomination of currency which is best adapted for carrying on the commercial operations of the place. In a town which has no bank, a person may have occasion to use small notes, and have none but large ones ; and at other times he may have need of large notes, and not be able to obtain them. But where a bank is established there can be no difficulty of this kind. The banks issue that description of notes which the receivers may require, and are always ready to exchange them for others of a different denomination. Banks, too, usually supply their customers and the neighbourhood with silver ; and if, on the other hand, silver should be too abundant, the banks will receive it, either as a deposit, or in exchange for their notes. Hence, where banks are established, it is easy to obtain change. This is very convenient to those who have to pay large sums in wages, or who purchase in small amounts the commodities in which they trade.

6. By means of banking there is a great saving of time in making money transactions.

How much longer time does it take to count out a sum of money in pounds, shillings, and pence, than it does to write a draft ! And how much less trouble is it to receive a draft in payment of a debt, and then to pay it into the banker's, than it is to receive a sum of money in currency ! What inconveniences would arise from the necessity of weighing sovereigns ! What a loss of time from disputes as to the goodness or badness of particular pieces of money !

Besides the loss of time that must necessarily occur on every transaction, we must also reckon the loss which every merchant or tradesman, in an extensive line of business, would certainly sustain in the course of a year from receiving counterfeit or deficient coin, or forged notes. From all this risk he is exempt by keeping a banker. If

he receive payment of a debt, it is in the form of a draft upon his customer's banker. He pays it into his own banker's, and no coin or bank notes pass through his hands. If he draws bills, those bills are presented by his banker: and if his banker take bad money it is his own loss.

7. A merchant or tradesman who keeps a banker, saves the trouble and expense of presenting those bills or drafts which he may draw upon his customers, or which he may receive in exchange for his goods. He pays these into the hands of his banker, and has no further trouble. He has now no care about the custody of his bills—no anxiety about their being stolen—no danger of forgetting them until they are over-due, and thus exonerating the indorsers—no trouble of sending to a distance in order to demand payment. He has nothing more to do than to see the amount entered to his credit in his banker's books. If a bill be not paid, it is brought back to him on the day after it falls due, properly noted. The banker's clerk and the notary's clerk are witnesses ready to come forward to prove that the bill has been duly presented, and the notary's ticket attached to the bill assigns the reason why it is not paid. But if any indorser of the bill has given a reference in case of need—that is, if any indorser has written on the back of the bill that some other party will pay it in case the acceptor does not—then the notary takes the bill to the referee, and procures the money from him.

This circumstance alone must cause an immense saving of expense to a mercantile house in the course of a year. Let us suppose that a merchant has only two bills due each day. These bills may be payable in distant parts of the town, so that it may take a clerk half a day to present them. And, in large mercantile establishments, it would take up the whole time of one or two clerks to present the due bills and the drafts. The salaries of these clerks are therefore saved by keeping an account at a banker's. Besides the saving of expense, it is also reasonable to suppose that losses upon bills would sometimes occur from mistakes or oversights—from miscalculation as to the time a bill would become due—from errors in marking it up—from forgetfulness to present it—or from presenting



it at the wrong house. In these cases the indorsers and the drawers are exonerated ; and if the acceptor do not pay the bill, the amount is lost. In a banking-house such mistakes are not likely to occur, though they do occur sometimes ; but the loss falls upon the banker, and not upon his customer.

8. Another advantage from keeping a banker in London, is, that by this means you have a continual referee as to your respectability. If a mercantile house in the country write to their agent, to ascertain the respectability of a firm in London, the first inquiry is, "Who is their banker?" And when this is ascertained, the banker is applied to through the proper channel, and he gives his testimony as to the respectability of his customer. When a trader gives his bill, it circulates through the hands of many individuals to whom he is personally unknown ; but if the bill is made payable at a banking-house, it bears on its face a reference to a party to whom the acceptor is known, and who must have some knowledge of his character as a tradesman. This may be an immense advantage to a man in business, as a means of increasing his credit ; and credit, Dr. Franklin says, is money.

9. The keeping an account at a banking-house, enables a trader not only to give a constant reference as to his own respectability, but it also enables him to ascertain the respectability of other persons who keep bankers. There are numerous cases in which a trader may wish to know this. A stranger may bring him a bill, and want goods in exchange : or he may have drawn a bill upon a customer, and wishes to ascertain if this bill would be paid, before he gave him any further credit. If this bill is not made payable at a banking-house, he can obtain no information. But suppose the bill is made payable at a banking-house ; even then he can obtain no information, unless he himself has a banker. If he take the bill to the banker's, at whose house it is made payable, and say, "Gentlemen, I will thank you to inform me if the acceptor of this bill be a respectable man—May I safely give goods or money in exchange for it?" they will reply, "Sir, we never answer such questions to strangers." But if the holder of this bill keeps an account at a banker's, he has

only to ask his banker to make the inquiry for him, and he will easily obtain the most ample information. Among nearly all the bankers in London, the practice is established of giving information to each other as to the respectability of their customers. For as the bankers themselves are the greatest discounters of bills, it is their interest to follow this practice ; and indeed the interest of their customers also, of those at least who are respectable.

10. By means of banking, people are able to preserve an authentic record of their annual expenditure. If a person pays in to his banker all the money he receives in the course of a year, and makes all his payments by cheques—then by looking over his bank-book at the end of the year he will readily see the total amount of his receipts, and the various items of his expenditure. This is very useful to persons who have not habits of business, and who may therefore be in danger of living beyond their means. It is useless to advise such persons to keep an account of their expenses—they will do no such thing ; but when short of money at Christmas to pay their tradesmen's bills, they may take the trouble of looking over their bank-book, and noticing how many cheques were drawn for the purchase of unnecessary articles. A bank account is useful also in case of disputed payments. People do not always take réceipts for money they pay to their tradesmen, and when they do the receipts may become lost or mislaid. In case of death or of omission to enter the amount in the creditor's books, the money may be demanded again. Should the payment have been made in bank notes or sovereigns, the payer can offer no legal proof of having settled the account ; but if the account was discharged by a cheque on a banker, the cheque can be produced, and the payment proved by the officers of the bank, who can be subpoenaed for that purpose.

11. Another advantage resulting from keeping a banker in London, is, that the party has a secure place of deposit for any deeds, papers, or other property that may require peculiar care. Any customer who pleases may have a tin box, which he may leave with his banker in the evening, and call for it in the morning. In this box he might place his will, the lease of his house, policies of insurance,

or any other documents he wished to preserve against fire. Stock-brokers and others who have offices in the city, and live out of town, have such boxes, which they leave overnight with their banker for the sake of security, in preference to leaving them in their own office. If a party were going to the country, he might send his plate or jewellery to his banker, who will lock it up in his strong-room, and thus it will be preserved from fire and thieves until his return. Solicitors and others, who have deeds or other writings of importance left in their custody, can send them to the bank during the night, and thus avoid the danger of fire.

12. By keeping a banker, people have a ready channel of obtaining much information that will be useful to them in the way of their business. They will know the way in which bankers keep their accounts; they will learn many of the laws and customs relating to bills of exchange. By asking the banker, or any of the clerks, they may know which is the readiest way of remitting any money they have to send to any part of the country or to the continent. If they have to buy or sell any stock in the public funds, the banker can give them the name of a respectable broker who can manage the business; or should they be about to travel, and wish to know the best way of receiving money abroad; or be appointed executors to a will, and have to settle some money matters—the banker will in these, and many other cases, be able to give them the necessary information.

13. Banking also exercises a powerful influence upon the morals of society. It tends to produce honesty and punctuality in pecuniary engagements. Bankers, for their own interest, always have a regard to the moral character of the party with whom they deal; they inquire whether he be honest or tricky, industrious or idle, prudent or speculative, thrifty or prodigal; and they will more readily make advances to a man of moderate property and good morals, than to a man of large property but of inferior reputation. Thus the establishment of a bank in any place immediately advances the pecuniary value of a good moral character. There are numerous instances of persons having arisen from obscurity to wealth only by means of

their moral character, and the confidence which that character produced in the mind of their banker. It is not merely by way of loan or discount that a banker serves such a person. He also speaks well of him to those persons who may make inquiries respecting him : and the banker's good opinion will be the means of procuring him a higher degree of credit with the parties with whom he trades. These effects are easily perceivable in country towns ; and even in London, if a house be known to have engaged in gambling or smuggling transactions, or in any other way to have acted discredibly, their bills will be taken by the bankers less readily than those of an honourable house of inferior property.

It is thus that bankers perform the functions of public conservators of the commercial virtues. From motives of private interest they encourage the industrious, the prudent, the punctual, and the honest—while they discountenance the spendthrift and the gambler, the liar and the knave. They hold out inducements to uprightness, which are not disregarded by even the most abandoned. There is many a man who would be deterred from dishonesty by the frown of a banker, though he might care but little for the admonitions of a bishop.

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### SECTION III.

#### THE GENERAL ADMINISTRATION OF A BANK.

To be a good banker requires some intellectual and some moral qualifications. A banker need not be a man of talent, but he should be a man of wisdom. Talent, in the sense in which the word is ordinarily used, implies a strong development of some one faculty of the mind. Wisdom implies the due proportion of all the faculties. A banker need not be a poet or a philosopher—a man of science or of literature—an orator or a statesman. He need not possess any one remarkable quality by which he is distinguished from the rest of mankind. He will possibly be a better banker without any of these distinctions. It is only necessary that he should possess a large portion

of that practical quality which is called common sense. Banking talent (using the word *talent* here in the sense of adaptation of character to any particular pursuit) consists more in the union of a number of qualities, not in themselves individually of a striking character, but rare only in their combination in the same person. It is a mistake to suppose that banking is such a routine employment that it requires neither knowledge nor skill. The number of banks that have failed within the last fifty years are sufficient to show, that to be a good banker requires qualities as rare and as important as those which are necessary to attain eminence in any other pursuit.

A banker should always have general principles; that is, he should have fixed rules for the government of his bank. He should know beforehand whether he will or will not advance money on mortgage, or upon deeds, or upon bills of lading, or warrants; or whether he will discount bills based upon uncommercial transactions, or having more than three months to run. These are only a few of the cases in which a banker will find it useful to store his mind with general principles. One advantage of this adoption of general principles is, that it saves time. If a banker can say, in reply to a customer, "It is contrary to the rules of our bank to advance money upon bills of lading," the reply is conclusive. But if he had not previously adopted any rule upon the subject, the reply would have taken up much more time. Another advantage is, that it gives decision of mind, and saves the banker from being "talked over" by any of his customers who may possess fluency of speech or dexterity in debate. In this case, the banker whose mind is stored with general principles, though he may listen patiently to all his customer shall advance, will give the same reply which he would have given had the application been made in fewer words.

But while we contend that every banker should have general principles, we do not say that in no possible case should he depart from them. But he should not look for such cases; they are rare, and when they do occur they will force themselves upon his attention. If under shelter of the truism, "All rules have their exceptions," he departs from his general principles whenever he finds it

convenient or profitable to do so, he may as well have no general principles at all.

It seems desirable that a banker in a large city should mark out for himself one or two main branches of business, rather than attempt to carry on banking in all its branches. We see this line of conduct adopted by some of the most eminent London bankers. A west-end banker will not discount a bill: a city banker will not lend money on mortgage. Different kinds of banking exist in different parts of the country according to the character and circumstances of the district. And in London the classes of people are numerous, and it may be both proper and advantageous for a banker to adapt his mode of business chiefly to the requirements of some one particular class. Different banks may thus pursue different courses, and all be equally successful.

A banker will exercise due caution in taking new accounts. He will expect the new customer to be introduced by some person to whom he is personally known. The more respectable the introducer, the higher opinion will the banker entertain of the party introduced. If a party apply to open an account without such an introduction, he is asked to give references to some well-known houses. He is expected to state to the banker the kind of business in which he is engaged, and the extent of accommodation, if any, that he is likely to require. He will state the kind and character of the bills he will have to offer to discount, and mention any peculiarity in his business or circumstances that may occasionally require especial consideration. It is a great folly, in a party opening an account, to make any representation that will not afterwards turn out to be correct. Every banker is anxious to avoid taking shabby accounts; and especially such as are opened for the purposes of fraud, or to obtain a fictitious credit, or to get undue accommodation. It is considered to be not advisable to take the account of a party who has another banker, especially if he opens the account for the purpose of getting additional discount. The object of a party keeping two bankers, is usually to get as much accommodation as he can from each. If an account is brought from another bank, the reason of the removal

should be distinctly stated, and the banker will accept or reject it, according to circumstances. It is bad policy in a banker to attempt to draw away the connexions of another bank, by offering them greater accommodation. It is also usually bad policy to take the accounts of parties residing at a distance, as their transactions do not come under the notice of the banker; and the fact of their passing by the banks in their neighbourhood to go elsewhere, is one that should excite suspicion. It is not advisable for London bankers to grant loans or discounts to private individuals who reside in the country. They should be referred to the bankers in their own districts.

A very important part of the business of a banker consists in the discounting of bills. The bills presented to a bank for discount may generally be divided into the following classes:—

“1st. Bills drawn by producers or manufacturers upon wholesale dealers. 2dly. Bills drawn by wholesale dealers upon retail dealers. 3dly. Bills drawn by retail dealers upon consumers. 4thly. Bills not arising out of trade, but yet drawn against value, as rent, &c. 5thly. Kites, or accommodation bills.

“The first two classes of bills are the best, and are fair, legitimate bills for bankers to discount.

“The third class ought not to be too much encouraged; they are for comparatively small amounts, and are drawn by shopkeepers and tradesmen upon their customers. To discount these bills freely would encourage extravagance in the accepters, and ultimately prove injurious to the drawers. When a man accepts bills to his butcher, baker, tailor, upholsterer, &c., he may fairly be suspected of living beyond his income. Solvent and regular people pay their tradesmen's accounts with ready money.

“The fourth class of bills, though sometimes proper, ought not to be too much encouraged. Persons out of trade have no business with bills.

“The last class of bills should always be rejected. To an experienced banker, who knows the parties, the discovery of accommodation bills is by no means difficult. They are usually drawn for even amounts, for the largest sum that the stamp will bear, and for the longest term

that the bank will discount, and are presented for discount soon after they are drawn. The parties are often relations, friends, or parties, who from their avocations can have no dealings with each other.

“Not only the parties and the amounts of bills are matters of consideration to a banker, but also the time they have to run before they fall due. A bill drawn for a long term after date is usually styled, not perhaps very properly, ‘a long dated bill.’ A bill drawn at a short term is styled, ‘a short dated bill.’”\*

A London banker is always anxious to avoid dead loans. Loans are usually specific advances for specified times, either with or without security. In London, advances are generally made by loans; in the country, by overdrafts. The difference arises from the different modes of conducting an account. In London the banker is paid by the balance standing to the credit of the account. A customer who wants an advance, takes a loan of such an amount as shall not require him to keep less than his usual balance. The loan is placed to the credit of his current account, until the time arrives for its repayment, and then he is debited for the principal and the interest. The country banker is paid by a commission, and hence the advance to a customer is made by his overdrawing the account, and he is charged interest only on the amount overdrawn.

Loans are divided into short loans and dead loans. Short loans are usually the practice of the London bankers: a time is fixed for their repayment. Dead loans, are those for the payment of which there is no specified time, or where the party has failed to make the repayment at the time agreed upon. In this case, too, the loan has usually been made upon *dead*—that is upon incon-vertible—security. Without great caution on the part of the banker, *short* loans are very apt to become *dead* loans. A loan is first made for two or three months; the time arrives, and the customer cannot pay; then the loan is renewed, and renewed, and renewed, and ultimately the customer fails, and the banker has to fall back upon his securities.

\* History and Principles of Banking, page 179.



Dead loans are sometimes produced by lending money to rich men. A man of moderate means will be anxious not to borrow of his banker a loan which he will not be able punctually to repay, as the good opinion of his banker is necessary to his credit. But a man of property has no scruples of the kind : he has to build a house, to improve his estate, or to extend his manufactory ; and he is unreasonable enough to expect that his banker will supply him with the necessary funds. He believes it will be only a temporary advance, as he will shortly be in possession of ample means. The banker lends the sum at first desired ; more money is wanted ; the expected supplies do not arrive ; and the advance becomes a dead lock-up of capital. The loan may be very safe, and yield a good rate of interest, but the banker would rather have the money under his own control.

Dead loans are sometimes produced by lending money to parties to buy shares in public companies. There was too much business of this kind transacted by some bankers a few years ago. The party did not at first, perchance, apply to his banker to enable him to purchase the shares ; but the calls were heavy, and his ready money was gone ; he felt assured, however, that in a short time he should be able to sell his shares at a high profit ; he persuaded his banker to pay the calls, taking the shares as security. Other calls were made, which the banker had to pay. The market fell ; and the shares, if sold, would not pay the banker's advances. The sale, too, would have caused an enormous loss to the customer. The advances became a dead loan, and the banker had to wait till a favourable opportunity occurred for realizing his security.

In this, and in other ways, a banker has often much difficulty with customers of a speculative character. If he refuses what they ask, they remove their account, and give him a bad name ; if he grants them their desires, they engage in speculations by which they are ruined, and probably the banker sustains loss. The point for the banker to decide is, whether he will lose them or ruin them. It is best, in this case, for the banker to fix upon what advance he should make them, supposing they conduct their affairs prudently. And if they are dissatisfied with this,

he had better let them go ; after they have become bankrupts, he will get credit for his sagacity.

The discounting of bills is an ordinary matter of business, and the banker has only to see that he has good names to his bill ; but in regard to loans, a banker would do well to follow the advice which Mr. Taylor gives to individuals, and not to make a loan, unless he knows the purpose for which it is borrowed, and to form his own judgment as to the wisdom of the party who borrows, and as to the probability of his having the means of repayment at the time agreed upon.

“Never lend money to a friend, unless you are satisfied that he does wisely and well in borrowing it. Borrowing is one of the most ordinary ways in which weak men sacrifice the future to the present ; and thence it is that the gratitude for a loan is so proverbially evanescent : for the future, becoming present in its turn, will not be well pleased with those who have assisted in doing it an injury. By conspiring with your friend to defraud his future self, you naturally incur his future displeasure. To withstand solicitations for loans is often a great trial of firmness ; the more especially as the pleas and pretexts alleged are generally made plausible at the expense of truth ; for nothing breaks down a man’s truthfulness more surely than pecuniary embarrassment—

‘An unthrift was a liar from all time ;  
Never was debtor that was not deceiver.’

The refusal which is at once the most safe from vacillation, and perhaps as little apt to give offence as any, is the point-blank refusal, without reasons assigned. Acquiescence is more easily given in the decisions of a strong will, than in reasons which weak men, under the bias of self-love, will always imagine themselves competent to controvert.”\*

Sometimes, when an advance of money is wanted for two or three months, the party gives a note of hand. This is better than a mere loan, as it fixes the time of payment, and keeps the transaction fresh in the recollection of the borrower. But care must be taken that the note, by repeated renewals, does not in fact become a dead loan. Hence, when a renewal cannot be avoided, attempts should be made to reduce the amount. When public companies, of only a short standing and not fully constituted, wish

\* Notes on Life, by John Taylor.

to borrow money of their banker, it is sometimes expedient to take the joint and several promissory note of the directors. By this means the banker avoids all knotty questions connected with the law of partnership ; and the directors will, for their own sakes, see that the funds of the company shall, in due time, be rendered available for the repayment of the loan.

The rule of a banker is, never to make any advances, directly or indirectly, upon deeds or any other *dead* security. But this rule, like all other general rules, must have exceptions, and when it is proper to make an exception is a matter that must be left to the discretion of the banker. He should, however, exercise this discretion with caution and prudence, and not deviate from the rule without a special reason to justify such deviation.

Among country bankers, in agricultural districts, advances upon deeds are not considered so objectionable as in London. A landed proprietor, who wants a temporary advance, places his deeds in the hands of his banker, and takes what he requires. The banker thinks he can have no better security ; but the loan is usually for only a moderate amount, and is paid off within a reasonable time. In the country, the character and circumstances of every man are known. A landlord who wants an advance to meet immediate demands, until his rents come in, seems fairly entitled to assistance from his banker. But should a landlord, who is living beyond his income, ask for an advance almost equal to the value of his deeds, he would not be likely to obtain it.

Another kind of security is bills of lading, and dock warrants. Advances upon securities such as these must be considered as beyond the rules which prudent bankers lay down for their own government ; they can only be justified by the special circumstances of each case. In advancing upon bills of lading, the banker must see that he has *all the bills of the set* ; for if he has not *all*, the holder of the absent bill may get possession of the property. It is also necessary that he have the policy of assurance, that, in case the ship be lost, he may claim the value from the insurers. In advances upon dock warrants, the banker should know that the value of the goods is equal to his advances, and

will also give him a margin, as a security against any fall in the market price. But, in truth, no banker should readily make advances upon such securities. Now and then he may take them as collateral security, for an advance to a customer who is otherwise respectable. But if a customer requires such advances frequently, not to say constantly, it shows that he is conducting his business in a way that will not ultimately be either for his own advantage, or that of his banker.

A banker should never make any advances upon life policies. They may become void, should the party commit suicide, or die by the hand of justice, or in a duel; or if he go without permission to certain foreign countries. The payment may be disputed, upon the ground that some deception or concealment was practised, when the policy was obtained. And, in all cases, they are dependent upon the continued payment of the premiums. The value of a policy, too, is also often overrated. The insured fancies that his policy increases in value in exact proportion to the number of premiums he has paid; but if he offers it to the company, he will find that he gets much less than he expected. The policy is valued in a way that remunerates the office for the risk they have run during the years that are past; and the valuation has a reference only to the future. A short rule for ascertaining the expectation of life, according to the Northampton Tables, is to take the age from the number 86, and then divide by 2. Thus at fifty years of age the expectation of life is eighteen years. The value of a policy is generally about one-third of the amount of all the premiums that have been paid.

There are certain signs of approaching failure, which a banker must observe with reference to his customers. Thus—if he keeps a worse account than heretofore, and yet wants larger discounts—if the bills offered for discount are drawn upon an inferior class of people—if, when his bills are unpaid he does not take them up promptly—if he pays in money late in the day, just in time to prevent his bills or cheques from being returned through the clearing. But, above all, if he is found cross-firing; that is, drawing bills upon parties who at the

same time draw bills upon him. As soon as a banker detects a customer in fair credit engaged in this practice, he should quietly give him reason for removing his account.

The operation which is called "nursing an account," sometimes requires considerable prudence, tact, and perseverance. A banker, having made considerable advances to a customer, suddenly discovers that the party is not worthy of the confidence he has placed in him. If these advances should be called up, or discontinued, the customer will break, and the banker sustain loss. The banker must be governed by the circumstances of each case. It is sometimes best to continue to discount the good bills, and refuse those of a different character, and thus gradually weed the account of all the inferior securities. Sometimes he may get the customer to stipulate that he will diminish his advances by certain fixed amounts, at certain periods; and thus, by alternately refusing and complying, the banker may at length place himself in a state of security. At other times the banker may offer to make still further advances, on condition of receiving good security also for what has been already advanced. This plan is advisable when the additional advance is not proportionably large, and the security is not inconvertible, otherwise the plan is sometimes a hazardous one. It requires some courage to look a loss in the face. And it has occurred that a banker, rather than sustain a small loss, will consent to make a further large advance upon inconvertible security; and the locking up of this large advance for an indefinite period has proved the greater evil of the two. In fact, some of the largest losses of fallen banks have been made in this way. They have, in the first instance, made an imprudent advance; rather than sustain this loss at once, they have made a further advance with a view to prevent it. The advance has at last become so large, that if the customer falls, the bank must fall too. For the sake of self-existence, further advances are then made: these too are found ineffectual, and ultimately the customer and the bank fall together.

After a banker has furnished his till, and supplied his

customers with such loans and discounts as they may require, he has a surplus of cash. A portion of this surplus he will probably invest in the Government funds.

The reader is of course aware that the "Stocks," or the "Funds," or by whatever other name they may be called, are debts due from the nation to those persons whose names are entered on the bank-books. The man who holds 100*l.* consols is a creditor to the nation for 100*l.*, for which he receives 3*l.* per annum; and the price of consols is the amount of the money for which he is willing to transfer this debt from himself to another person. Now, if this man knows another who is willing to give him, say, 90*l.* for this 100*l.* consols, they can go to the bank, and the seller being properly identified, will transfer this 100*l.* consols into the name of the person to whom he has sold it. His account is then closed in the bank-books, and a new account is opened in the name of the buyer; for every holder of stock has an account in the bank ledger, in the same way as bankers and merchants open ledger accounts for their customers.

But parties do not usually treat with each other in this way. A broker is employed either to buy or sell, as the case may be. The stock-brokers are an association consisting of about 600 persons, who meet together in a building in Capel-court, Bartholomew-lane, close to the Bank. Each broker, before admission, must find three securities for 300*l.* each, which sum is applied to meet any claims the other members of the "House" may have upon him during the first two years. The suretyship then ceases. The subscription paid by each member is ten guineas per annum. The House is governed by a committee of thirty persons chosen from the members.

But, although all the "members of the House" are called stock-brokers by the public, yet within the House they are divided into two classes, brokers and jobbers. A broker, as the name implies, is an agent who buys or sells for his customers out of the House, and he charges them a commission upon the amount of the stock. A stock-jobber is a stock merchant; but he does not deal with the public: he deals only with the brokers; and he is at all times ready either to buy or to sell. The price

at which he sells is one-eighth more than the price at which he buys.

Were there no jobbers, a broker would not easily find at all times another broker who had occasion to sell the same amount of stock which he wished to buy, and he would have a difficulty in buying or selling small amounts. But there is no difficulty with the jobbers. The jobbers will not only buy and sell stock on the same day, but they will buy stock on one day, and agree to sell it at a future day, or *vice versa*. These future days are called the settling days, being the days on which the members of the House settle their accounts. They are fixed by the committee of the Stock Exchange, and they now occur about once a month.

Generally, the price for time is higher than the price for money; and the difference between these two prices is called the "Continuation." Supposing that the next settling day is a month distant, and the continuation is one-eighth per cent., that amounts to twelve-eighths, or three per cent. per annum. The continuation will vary according to the near approach of the settling day—according to the abundance of money, and the market rate of interest—and according to the abundance or scarcity of stock. The last cause is not so readily understood by the public, and we will therefore explain it. The stock-jobbers, as we have said, are stock merchants. Of course they are large holders of stock; it is their capital on which they trade. But however large may be the sum they hold, they often agree to sell on the next settling day a much larger sum, expecting that in the meantime they shall buy a large sum, and thus be able to set off one against the other. But sometimes, as the settling day approaches, they find this is not the case, and they are consequently under an engagement to "deliver"—that is, sell—more stock than they hold. What can they do now? They will try to get stock from those who have it, by agreeing to buy it of them *now*, and selling it at the ensuing account day a month hence, at the same price. Thus the jobbers get their stock, and complete their engagements. But sometimes the jobbers are obliged to go farther, and even to offer a premium to parties who will lend their

consols. This premium is called "Backadation," or "backwardation;" it is just the reverse of "continuation," and implies that the time price of stock is less than the money price. Bankers avail themselves occasionally of both these operations.

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## SECTION IV.

### THE ADMINISTRATION OF THE OFFICE.

THE proper situation of a bank is a matter of some importance. It should be situated in what is deemed the most respectable part of the town. If it be placed in an inferior locality, approachable only by narrow and disagreeable streets, and surrounded by buildings, the seats of smoky and dirty trades, it is not likely to be so much frequented, nor to acquire so large a business, as though it were more pleasantly situated. Another point to be observed is, that the bank itself should be a handsome building. The necessary expenditure for this purpose is no sin against economy. It is an outlay of capital, to be repaid by the profits of the business that will thus be acquired. A portion of the building will probably be set apart for the private residence of the manager, or of some other officer of the establishment. It is desirable that this portion should be entirely separated from the office. The communication should be only by a single door, of which the manager should keep the key. The building should be so constructed that what is going on in the private house, whether in the kitchen, or the nursery, or the drawing-room, should not be heard in the bank. The office being thus isolated, must then be fitted up in the way that will most effectually promote the end in view. And here are three points to be considered,—*space, light, and ventilation.*

A chief consideration is *space*. A banker should take care that his clerks have room enough to do their work comfortably. Every accountant knows that he can often work faster if he can have two or more books open at the same time; but if his space is so confined that he must



shut up one book, and put it away, before he can use another, he will get on more slowly. The cashiers, too, will be much impeded, if they are obliged to stand too close to each other: and the public will be huddled together, and will often count incorrectly the money given to them, and thus take up the cashier's time to put them right. Want of space will necessarily occasion errors, from the confusion it produces, and from one clerk being liable to interruption from the noise or vicinity of the others. A banker should therefore take care that his office is large enough for his business, and that it will admit of being enlarged in case his business should increase. Ample space is also conducive to the health of the clerks, as there will be more air to breathe, and the atmosphere is less likely to become polluted by the burning of lamps and candles.

Another consideration is *light*. It is well known in every London bank that fewer mistakes are made by the clerks in summer than in winter. Abundance of light prevents mistakes, and saves all the time that would be employed in the discovery of errors. Light is also of great importance to the cashiers, in detecting forged signatures and bad or counterfeit money. Thieves are also less likely to attempt their robberies in a light office than in a dark one. Faint or illegible handwriting can be more easily read, and hence mistakes are less likely to occur. The clerks, too, perform their duties with more quickness and cheerfulness. The gloominess of an office throws a gloom over the mind; but, "light is sweet, and a pleasant thing it is for the eyes to behold the sun."

The lightest part of the office should be devoted to the clerks. We have observed sometimes a violation of this principle. The entrance door has been placed in the middle of the front, with a window on each side, and the counter thrown across the room, so that the lightest part of the office has been given to the public. It is better that the entrance be placed at the right or the left corner, and the counter be made to run from the window to the opposite wall. The light will thus fall lengthways on the counter, and the space behind the counter will be occupied by the clerks.

Volumes have been written by medical men upon the advantages of fresh air, and on the unwholesome atmosphere of crowded cities. If the air that circulates in the streets of towns and cities is impure, what must be the state of those offices or rooms where twenty or thirty persons are breathing close together during the whole of the day, and gas lights are burning during the evening! In such cases we are told that a person afflicted with consumption of the lungs may communicate the complaint to others, as they must inhale a portion of the atmosphere which he has breathed out. The air in a close office is not only rendered impure by the number of people that breathe it, and by the burning of gas, but it also contains very frequently particles of dust arising from the floor, through the number of people constantly walking in and out. It is almost impossible for persons so circumstanced to enjoy for a length of time even moderate health. A portion of this evil may be mitigated by a good system of ventilation. To obtain this should be regarded as an object of the first importance. If a banker does not insist upon the architect performing this in the most effectual manner, he must be content to be often put to inconvenience through the illness and consequent absence of his clerks.

The distribution of the duties of the various clerks is a matter of no small importance. Experience is the only efficient guide in making such arrangements. We may, nevertheless, lay down a few general principles. The great division of the business of a bank office is into the cashiers' department and the accountants' department. In London banks there is a third—the tellers', or outdoor department. In the distribution of duties, it is desirable that the accountants' department should be a check upon the other departments. The cashiers must not have the control of the books, nor the accountants the care of the cash. The accountants' books should show what amount of cash is in the hands of the cashiers; and it is the business of the cashiers to show that they have that amount of cash which corresponds with the accountants' books. If the same officer has the care of the cash and the command of the books, he may abstract a portion of the cash, and alter the books to make them cor-

respond. It is further desirable, in large establishments, that two books which act as a check upon one another should not be kept by the same clerk.\* While it is not proper to indulge a spirit of suspicion in regard to individuals, it is advisable that the duties of a bank office should be so distributed, that the intrusions of any one clerk, either by the abstraction of cash or the falsification of the books, should be liable to immediate detection by the entries in some book kept by another clerk. For the same reason, it is proper that any document issued to the public (such as deposit receipts, drafts on London, &c.) should be signed by two officers, of whom one should belong to the cash, and the other to the accountants' department. There ought to be a complete division of labour in a bank. Every clerk should have fixed duties to perform, and every duty, however unimportant, should be assigned to some particular clerk. If anything is neglected, there should be no doubt as to who is to blame. No one should be able to say, "It was not my business; it was yours." Nor ought any duties to be assigned in common to two or three clerks, to be performed by them as each may find time. In this case, each will do as little as he can, and nothing will be done well. If any dispute arises among the clerks as to the due division of their labours, a reference should be made to the chief clerk, who will give to each man his work, and hold him responsible for its proper performance.

In all banks the junior clerks have lower salaries than the senior clerks. In Scotland, a clerk usually serves an apprenticeship of three years, during which he receives but a small salary. This plan has been introduced into some of our country banks. In London it does not exist. In the private banks, a junior clerk usually commences with 60*l.* a-year, and a portion of the Christmas money. In the joint-stock banks, where no Christmas money is allowed, the commencing salary is usually 80*l.* But the rules of advance are various, and, indeed, must be so, depending as they do upon the prosperity of the banks, and other contingent circumstances. One bank may assign a certain fixed annual increase to each clerk, whether he

\* See the Section on Banking Book-keeping in the "Practical Treatise."

advance in rank or not : in this case, his salary will be regulated entirely by the number of his years of service. Another bank may have a fixed salary for each post, and a clerk has no increase of salary except when he takes a step in rank. Another bank may adopt a scale of salaries combining the principles of the other two. For instance, every post in the bank may have a fixed *minimum* salary. But each clerk holding a post for a certain period (say for five years) has an annual advance for that period. Then he stops, and receives no further advance until he is promoted to the next post, where again he becomes entitled to the annual advances belonging to that post. We give no opinion as to the respective merit of these plans. But there is one principle we would enforce—that the salaries of the clerks should be regulated by the prosperity of the bank. If the bank is prosperous, the clerks ought to share in its prosperity ; and if the bank is unfortunate, the clerks must consent to share in its ill fortune. But, under any circumstances, a scale of salaries is desirable. It prevents caprice on the part of the bank, and jealousy on the part of the clerks. The amount of salary in each case should be fixed by rule, and not by favour.

“ Masters, give unto your servants that which is just and equal ; knowing that ye also have a Master in heaven.\* ”

“ *Be just in your appointments*, and select those who are the most worthy and the best qualified for the duties they will have to discharge. *Be just in the amount of your remuneration* ; recollect that many of the servants of public companies have greater trusts and heavier responsibilities than the servants of individuals ; and in this case, it is just and equal that they be rewarded accordingly. *Be just in your promotions*, and let not merit be supplanted by patronage or favouritism. *Be just in the quantity of labour you exact*. Appoint a sufficient number of servants to do the work easily. Do not compel them to keep late hours ; nor refuse reasonable holidays, for the purposes of health and recreation. *Be just in your reproofs*. Let not your censures or your punishments be more than proportionate to the offence ; and be as ready at all times to acknowledge the merits of your servants as to notice their defects.

\* Col. iv. 1.

*Be just in your pensions*, and let your aged and worn-out servants be treated with respect and liberality. Recollect they were once young and healthy, and you had then the benefit of their services—do not treat them harshly now.

“The law of Moses—‘Thou shalt not muzzle the ox when he treadeth out the corn’—is enjoined as strongly by self-interest as by humanity. For if we muzzle the ox we reduce his strength, and we lose more by the diminished produce of his labour than we gain by the provender that we save. St. Paul has twice quoted this enactment, to inculcate the lesson that we ought not to stint the remuneration, nor even the enjoyments, of those by whose labour we profit. In both cases he refers to services of an intellectual or spiritual kind. Perhaps in such services the effect of a liberal remuneration in producing more efficient exertions, is most obvious. It is a law of our nature, that the kindness, liberality, and generosity that we receive from others, will produce corresponding feelings in ourselves. And it is another law of our nature, that when the mind is under the influence of such feelings, it is capable of intellectual efforts of a higher order. The Psalmist has given us a lovely exhibition of the Divine character, in the words,—He hath pleasure in the prosperity of his servant.’” \*

In all banks the clerks give sureties for their integrity—usually two, of 500*l.* each; and in some banks these amounts are increased on accession to higher offices. Of late years societies have been formed, both in England and Scotland, for the purpose of giving, on the part of clerks and others, the amount of security required.

In the year 1841 the Bank of England took measures for discontinuing the system of requiring sureties from the clerks. Every clerk subscribed annually two shillings per cent. upon the amount of his surety-bond. When he had subscribed in the course of five years (or immediately if he chose) ten shillings per cent., the liability of his sureties ceased. Every new clerk subscribes, when admitted, ten shillings per cent. upon the amount of his surety-bond. When he had subscribed in the course of five years (or immediately if he chose) ten shillings per cent., the liability

\* The Moral and Religious Duties of Public Companies. This work is now included in the “Practical Treatise on Banking.”

of his sureties ceased. Every new clerk subscribes, when admitted, ten shillings per cent. on the amount of the bond he would otherwise give. These contributions are invested in the Three per Cent. Reduced, or Consols. This fund is fixed at 6,000*l.* stock. When at this amount, the interest is given to the "Clerks' Widows Fund," a fund established by the clerks, with the assistance and support of the Bank. When the claims have reduced the guarantee fund below 6,000*l.* the interest goes to this fund until it has increased to this amount. If the claims reduce the fund so low as 4,700*l.*, then the clerks are required to make a further contribution until the fund is again raised to 6,000*l.* But this contribution is never more than two shillings per cent. per annum on the amount of their respective bonds. Nor can any claim be brought against the fund greater than the amount of the bond that would have been required from the defaulter. The clerks still give their personal bonds, which are for the full amount of their deficiencies. This is an admirable plan for a large establishment. In adopting it the directors have shown a sound discretion, as it makes all the clerks interested in watching over one another. At the same time they have manifested that kindness and goodwill which have, we believe, at all times distinguished the Directors of the Bank of England in their conduct towards their clerks.

Mr. Thomson Hankey, when Governor, delivered to the Banking Institute the following account of the working of this system :—

With regard to the guarantee system, it appeared to him that the principle adopted in the Bank of England in 1841, by his predecessor, was capable of extension, with great benefit to the clerks, to many of the other banking institutions of the country. The principle of that plan was, that a compulsory payment of 1*l.* a-year for five years, or 5*l.* in one sum, was required from each clerk on entering the establishment. These payments accumulated until they amounted to a sum of 6,000*l.*, the interest of which was then to be applied to another purpose, for the benefit of the clerk; but in the meanwhile the fund was applicable to all losses at the bank, which, under ordinary circumstances, would fall upon the private sureties. Every clerk, on entering the establishment, was bound to give security to the amount of 1,000*l.* Well, he believed the lowest premium the guarantee societies

would take was 10s. per cent., or 5% for the 1,000%, and this 5% premium had to be renewed every year. Now, the amount of this 5% premium from each of the 700\* clerks of the Bank of England would be 3,500% a-year. Well, since the guarantee fund to which he had alluded had been established in 1841, the total defalcations in the Bank of England had only amounted to about 1,500%. Now, if the 700 clerks had paid the 5% a-year each to the guarantee societies for the whole of that period, it would have raised nearly as much as 40,000%, the whole of which would have gone into the pockets of the guarantee societies, with the exception of the 1,500% which would have been necessary to make good the defalcations. Now, if 40,000% had been paid in premiums, and 1,500% had been the loss, it would require very little argument from him to show that the guarantee societies would have been very great gainers, at the expense of the clerks.†

It is desirable, on several accounts, that all the officers of a bank, and especially those who are entrusted with cash or other property, should once a-year have leave of absence for at least a week or a fortnight. This should not even be optional—it ought to be a fixed rule with which they should be expected to comply. The absences should be arranged to take place at those seasons of the year when they will be of the least inconvenience to the business of the bank. These holidays ought to be readily granted on the ground of kindness and humanity; but where these feelings do not exist, motives of self-interest alone would prompt a ready acquiescence in such applications. In the first place, a great inconvenience is often experienced in large establishments from the illness of the clerks when they are denied proper seasons of relaxation. In this case, the loss of time from ill-health is greater than that which would be occasioned by holidays. A sick clerk, even when he attends to his duties, is neither so quick, nor so correct, nor can he get through so much work, as a clerk who, by proper recreation, has been kept in perfect health. These occasional holidays tend very much to improve the efficiency of an office. When a clerk is absent the next in seniority takes his place; and when all the clerks have been absent in turn, every duty in the bank

\* The total number of clerks in all the Private and Joint-Stock Banks in London is about 1,500.

† See the Report of the Proceedings of the Banking Institute, March 2, 1852, when an interesting paper on guarantees was read by Mr. Newmarsh. Mr. Hankey in the chair.

becomes perfectly familiar to at least two persons, so that in the case of those absences which arise from unavoidable causes, little inconvenience comparatively is felt. But while the bank is thus rendered independent of any one individual, it must not be supposed that the absence of a clerk lessens the importance attached to his services. When a clerk is really efficient, an occasional absence renders his value more apparent, and increases the estimate formed of his character; while the indulgence he has received will stimulate his energies, and increase his desire to render himself more than ever useful to his principals.

Another advantage to a banking establishment from the absence of their clerks is, that it furnishes an additional guarantee for their honesty. We have known instances of frauds being carried on for several years by clerks who were constant in their attendance, while a single day's absence would necessarily have led to a detection of their dishonesty. When a clerk takes his holidays, all the property under his care is given over into other hands; and the knowledge that he will be called upon to do this periodically, may deter him in the first instance from commencing a career which must thus be necessarily exposed.

Whatever natural talents a young man may have when he enters a bank, he cannot be expected to perform his duties well until he has been instructed. There is a good way and a bad way, a quick way and a slow way, of performing even the most simple operation. Incorrect or slovenly habits, when once acquired, are not easily abandoned. When, therefore, a young man enters a bank, he should be placed under the tuition of another clerk, well qualified to instruct him with regard to all his immediate duties. It is also desirable that the chief clerk should not have much manual labour, but should have leisure to walk round the office—stand for a while at the elbow of each clerk—observe his peculiar defects—and give such instructions as he may deem necessary or useful. The senior clerks, generally, should also be ready at all times cheerfully and courteously to give instruction to their juniors.

With a view to the proper training of clerks, it is desirable that there should not be too many in proportion



to the work. If the clerks are unemployed for any considerable portion of the day, their habits of attention, of industry, and of quickness are impaired, so that they do less work even in those hours in which they are occupied. The duties of each clerk should be sufficiently heavy to require a continuous application of the mind during the whole of the working hours. If a banker find that the clerks have time to read books or newspapers, or to carry on either gambols or quarrels among themselves, during the hours of business, he may safely infer that he has too many hands. By reducing the number he will make each clerk more efficient, and the work will be better done. He will also be able to increase their salaries individually. It is better that the same amount of money should be distributed among a smaller number of effective men than among a larger number who are less effective. The amount of Christmas money received by each will also be greater.

For the purpose of training the clerks, it is desirable that their labours should be so subdivided as that the duties of one office should be a training for the office immediately above it. The clerk, on his entrance into the bank, will thus have to perform those operations that require the least degree of professional knowledge—of knowledge peculiar to the business of a bank—and will advance step by step (each step requiring but a small addition to his previous knowledge), to the higher posts. When it is ascertained for which department—the cashiers' or the accountants'—the teller is best adapted, he should be put into that post the operations of which will form the best training for those duties which, when promoted, he will have to discharge.

The occasional absences of the clerks are conducive to their improvement. The juniors thus learn to perform the duties of their superiors. New arrangements are formed temporarily for a different division of labour, and, the hands being fewer, an additional stimulus is given to exertion. It is also useful, when it can be done, for the clerks to change occasionally, and do each other's work. Every clerk should be encouraged to suggest any improvements for abridging or facilitating his own labour. When

A bank has several branches, it is often advisable that an occasional absence at one branch should be supplied by a clerk brought from another branch. A good inspector of branches will inspect the cashiers' and the accountants' department, as well as the manager's; and when he finds any improvement at one branch, he will introduce it into all the other branches.

But the greatest stimulus to improvement in the clerks is an impartial system of promotion. It is, perhaps, desirable that instances should occur sometimes, of a clerk, who is entitled to a higher post from seniority, being unfit to take it, in order to show that superior merit is regarded. But it should always be obvious that the clerk who is promoted has superior merit. If a clerk is put over the head of another from favouritism or caprice on the part of the banker—or from the influence of friends, customers, or shareholders—or even for qualities good in themselves, but not increasing his efficiency as a clerk—then will great evils arise from his appointment, even though he should be as well qualified as the man who was entitled to the post from seniority.

Among the means of training clerks for superior offices, we should give a high rank to the formation of a library\* of banking books, to which the whole of the establishment should at all times have access. The time is gone by when it was a reproach for a young man to be bookish, as he was supposed to abstract so much more time and attention from his official duties. It is now well known that the general cultivation of the intellectual powers renders them more effective in every operation in which they may be exercised. It is a great advantage to a bank to have educated servants. Their superior knowledge is always useful—the mental discipline they have acquired improves their business habits—and, possessing within themselves a constant source of enjoyment, they are the less likely to indulge in those expensive pleasures which are the usual temptation to neglect and dishonesty. It seems likely

\* In 1850 a Library Association was formed by the clerks of the Bank of England. The directors assigned three rooms within the Bank for a library, a reading-room, and a lecture-room, and gave 500*l.* towards the funds. Several of the directors individually presented also handsome donations of both money and books.

that very soon a movement will be made in favour of universal education. I think it desirable that bank managers, and branch managers, should aid this movement in their respective localities, and should support generally, by their assistance and influence, the formation of literary and scientific institutions. This would afford an outlet for any surplus energy of character that might remain after the hours of business, and enable them to promote the public good, without taking part in political or religious discussions. They would acquire for themselves much pleasurable and profitable amusement, would add to the usefulness and respectability of their character in public estimation, and thus be enabled to increase the influence of their respective establishments.

We have here spoken of that kind of training which is adapted to the making of clever clerks. But as in the joint-stock banks a clerk may become a manager, it is desirable that those clerks who are deemed the most clever should be put under a course of training that will, with experience, qualify them for that office. It is, in some respects, more difficult to do this in a large establishment than in a small one. In a bank that has forty clerks, one clerk sees only a fortieth part of its operations. In a bank where there are only ten clerks, one clerk sees a tenth part, and may easily acquire a tolerable knowledge of the whole. A bank that has many branches has a great facility for training clerks to become managers. When a branch manager is absent from illness, or any other cause, one of the senior clerks of that or some other branch will take his place, and thus gradually become accustomed to the duties of the office.

The clerks thus selected for this kind of training should be young men who are quick and efficient in the discharge of all their official duties, and, moreover, possess a good temper, gentlemanly appearance and manners, a degree of literary information, with a desire of improving their knowledge and their talents. They should not be young men who have entered the bank until they can get something better, but those who look to banking as their profession, and are ambitious of attaining to the highest posts in the establishment. But beyond the qualities we have

enumerated, it is necessary, above all things, that they should have habits of business.

After a clerk has become a manager, his education has yet to be completed. Lord Bacon observes, that reading makes a wise man ; writing, an exact man ; and conversation, a ready man. Whatever knowledge he may have acquired by reading or otherwise—however exact he may have been in the discipline of the office—the young manager has yet to become a ready man. He has to apply his knowledge promptly and independently, and, at the same time, wisely. This habit he will acquire by time. The exercise of authority over other men produces an independence of mind which is friendly to the maturing of the understanding ; while the necessity for giving immediate decisions in conversation with his customers, will have a tendency to produce promptness of judgment. There is no profession in which experience is more useful than in banking. But it is useful, not so much in the amount of knowledge that is acquired (though that is important), as in the improvement it imparts to those intellectual faculties which are called into exercise. It is by constant exercise that these faculties gather strength. Habits are formed by repeated acts, and they can be formed in no other way.

It is too much the practice in England to view a bank manager as holding the same relative position in a joint-stock bank which a chief clerk does in a private bank. This is an error. A manager is not a banker's clerk—he is a banker. And although he may reserve some important cases for the consideration of his directors, yet they are usually such cases as a private banker would reserve for consultation with his partners, or on which, had he no partner, he would take time to form his own determination.

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## SECTION V.

### THE BANK OF ENGLAND.

THE Act of Parliament by which the Bank was established is entitled, "An Act for granting to their Majesties several duties upon tonnage of ships and vessels, and upon beer, ale, and other liquors, for securing certain recom-

penses and advantages in the said Act mentioned, to such persons as shall voluntarily advance the sum of 1,500,000*l.* towards carrying on the war with France." After a variety of enactments relative to "the duty upon tonnage of ships and vessels, and upon beer, ale, and other liquors," the Act authorizes the raising of 1,200,000*l.* by voluntary subscription, the subscribers to be formed into a corporation, and be styled, "The Governor and Company of the Bank of England." The sum of 300,000*l.* was also to be raised by subscription, and the contributors to receive instead, annuities for one, two, or three lives. Towards the 1,200,000*l.*, no one person was to subscribe more than 10,000*l.* before the first day of July next ensuing, nor at any time more than 20,000*l.* The corporation were to lend their whole capital to Government, for which they were to receive interest at the rate of 8*l.* per cent. per annum, and 4,000*l.* per annum for management; being 100,000*l.* per annum in the whole. They were not allowed to borrow or owe more than the amount of their capital; and if they did so, the individual members became liable to their creditors, in proportion to the amount of their stock. They were not to trade in any "goods, wares, or merchandise whatsoever;" but they were allowed to deal in bills of exchange, gold or silver bullion, and to sell any goods, wares, or merchandise upon which they had advanced money, and which had not been redeemed within three months after the time agreed upon. The whole subscription having been filled in ten days, a charter was issued on the 27th day of July, 1694. This charter has been repeatedly renewed.

The charter granted in 1708 prohibited any other bank having more than six partners, issuing notes in any part of England.

The charter of 1833 continued the privileges of the Bank until the expiration of one year's notice, to be given within six months after the expiration of ten years from August 1, 1834. But if such notice should not be given, then the charter was to be continued until the expiration of twelve months' notice, to be given after the first day of August, 1855.

According to this charter, no other bank having more than six partners can issue notes payable on demand in

London, or within sixty-five miles thereof. Bank-notes are to be a legal tender, except at the Bank or branch banks. The amounts of the notes in circulation, and of the deposits, and of the bullion and securities in the Bank, are to be sent weekly to the Chancellor of the Exchequer for the time being. These accounts are to be consolidated every month, and an average state of the Bank accounts for the preceding three months to be published in the *London Gazette*. Any joint-stock bank that does not issue notes may carry on business in London.

In the year 1844, the Bank charter was again renewed until the expiration of twelve months' notice, to be given after the 1st day of August, 1855.

"The Act of 1844" is the 7 & 8 Vict. cap. 32, and is entitled, "An Act to regulate the Issue of Bank Notes, and for giving to the Governor and Company of the Bank of England certain privileges for a limited period." It enacts, that from and after the 31st August, 1844, the issue department of the Bank of England shall be separated from the banking department—that the issuing department may issue notes to the extent of 14,000,000*l.* upon securities set apart for that purpose, of which the debt of 11,015,100*l.* due from the Government to the Bank shall form a part—that no amount of notes above 14,000,000*l.* shall be issued, except against gold coin, or gold or silver bullion; and that the silver bullion shall not exceed one-fourth the amount of gold coin and bullion. Any person is entitled to demand notes from the issuing department, in exchange for gold bullion, at the rate of 3*l.* 17*s.* 9*d.* per ounce. Should any banker discontinue his issue of notes, the Bank of England may, upon application, be empowered by an Order of Council to increase her issue upon securities to the extent of two-thirds of the issue thus withdrawn; but all the profit of this increased issue must go to the Government. In the year 1857 she made this application, and obtained permission to issue an additional sum of 475,000*l.* By this Act, a weekly statement of the affairs of the Bank is required to be published in the *London Gazette*.

The Bank of England is a bank of issue. She can now issue to the extent of 14,475,000*l.* against that amount

of securities set apart for the purpose. She can issue to any farther amount against lodgments of gold and silver, as regulated by the above Act. This amount of 14,475,000*l.* may be issued either at the office in London or at the branches. Were she to reduce the number of her branches, she would not be required to issue less than this 14,475,000*l.*; and were she to increase her branches, she could issue no more. She cannot issue any note for a less amount than five pounds. All the notes are payable in gold on demand. The payment of those issued in London can be demanded only at the London office. But the payment of those issued at the branches may be demanded either at the London office or at the branches where they were respectively issued. Bank of England notes are a legal tender in all cases, except when tendered by the Bank herself.

As since the year 1844 the issuing of notes has been assigned to a separate department, called the issue department, the banking department cannot issue any notes except those it may have received either from the issue department or from the public. All the notes which are at any time in circulation from the issue department must be either in the banking department or in the hands of the public. The amount in the banking department is called by the directors "the reserve," and the amount in the hands of the public is called the "active circulation." It is of importance to notice "the reserve," for it is by the amount of this reserve that the directors profess to regulate their changes in the rate of interest. When the reserve is low they increase the rate of discount, and when the reserve is high they lower the rate of discount. The amount of the reserve is affected by various causes, but chiefly by the changes that take place in the issue circulation. When the issue circulation is high, the reserve is high; and when it is low, the reserve is low. But should the "issue circulation" remain the same, every change in the "active circulation" would be attended with a corresponding change in the "reserve." If the active circulation is increased the reserve will be diminished, and if the active circulation is diminished the reserve will be increased. In comparing the weekly returns of the Bank

of England one with another, we should pay especial attention to these three points:—the issue circulation, the active circulation, and the reserve, and endeavour to investigate the causes of their fluctuation, if we wish to trace the operation of those laws which regulate the currency.

The Bank of England is also a bank of deposit, of loan, and of discount.\* She allows no interest on any portion of her deposits, nor permits any account to be overdrawn. She charges various rates on the bills she discounts, but does not go below the rate she announces to be her minimum. She does not act as the London agent of country banks; but is the agent of the bank of Ireland, and the Royal bank of Scotland. She does not accept any bills that may be drawn by those banks, or by her own branches—they are all drawn "without acceptance." She does not issue any circular notes on foreign countries, nor grant letters of credit on foreign banks. She remits money to and from her branches, and from one branch to another. She issues at the London office bank-post bills, drawn at seven days' sight, and notes at sixty days' sight, for transmission to India.

The Bank of England is also the banker of the Government. She has always a large amount of public deposits, on which she allows no interest. She receives the public revenue, and pays the dividends on the National Debt.

The Bank of England is also a Central Bank of Deposit. By this we mean that she receives deposits from the other London banks. All the London banks who are members of the clearing-house have accounts at the Bank of England, and settle their claims upon each other by transfers from these accounts. Other London banks who are not members of the clearing-house have similar accounts, and pay the demands of the City bankers by cheque on the Bank of England.

This arrangement, whereby the Bank of England becomes a Central Bank of Deposit, is attended with several important effects. One effect is that the banking business of London is conducted with a less amount of bank notes.

\* The "Practical Treatise" has a section on "the Administration of the Banking Department of the Bank of England."



To illustrate this, let us suppose that there are ten banks in London, each of whom has 1,000,000*l.* of deposits, and who keeps in its till 100,000*l.* of bank notes. Here the total deposits are 10,000,000*l.*, and the total reserve of bank notes 1,000,000*l.*, being one-tenth. Now, let each of these banks open an account with a central bank,—keep only 10,000*l.* in its till, and lodge the other 90,000*l.* in the central bank. Then the ten banks will have in their till 100,000*l.* and in the central bank 900,000*l.* But, suppose the central bank employs two-thirds of its deposits and holds one-third as a reserve in bank notes. Then, in consequence of these ten banks having opened an account with the central, the total amount of bank notes held as reserve against 10,000,000*l.* of deposits is reduced from 1,000,000*l.* to 400,000*l.*—that is, 100,000*l.* in the tills of the ten banks, and 300,000*l.* in the central bank. The 600,000*l.* thus economised may be employed profitably for the central bank, and also for the advantage of the community.\*

Another effect of this system is, that the importations or exportations of gold have little effect upon the amount of notes in the hands of the public. When notes are issued by the issuing department of the Bank of England in the purchase of gold, they are lodged on deposit with some banker, who again lodges them on deposit in the banking department of the Bank of England. And, on the other hand, when gold is demanded from the issuing department in payment of her notes, these notes have usually been obtained from the banking department in payment of its deposits, or issued in the form of loans or discounts, and the amount of notes in the hands of the public is not diminished.

Another effect is, that the bank has no power directly to increase or diminish the amount of notes in her hands. If she buys, say a million of stock, and issues notes in payment, those notes will immediately be paid into some bank, who will lodge them on deposit; and if she sells a million

\* We have employed the numbers 10 and 1,000,000*l.* and the proportion of one-tenth to simplify the illustration of the principle: but if different data are taken, of course the result will vary accordingly. The actual amount of the bankers' deposits is usually about 3,000,000*l.* Supposing the Bank of England holds a reserve of 1,000,000*l.* she has a profit on the employment of 2,000,000*l.*

of stock, and receives notes in payment, those notes would first be withdrawn from her deposits. But probably in neither case would any notes be issued or received—both transactions would be effected by cheques. The only result would be that the deposits would be increased or diminished, and the reserve of notes would remain the same. Were she to discount 1,000,000*l.* of bills, the operation would be similar. She would hold a million more of bills, and be indebted a million more for deposits, and the amount of notes in her hands would remain unchanged. But as she charged discount on the bills, and allowed no interest on the deposits, the discount would be so much profit.

Another effect is, that the transactions between bankers, or between bankers and individuals who keep bankers, would have no effect upon the amount of notes in the Bank of England. This is self-evident with regard to the banks who settle their claims upon each other at the clearing-house. Each bank strikes a balance at the close of the day. If it owes money, its account is debited at the Bank of England. If it has money to receive, its account is credited at the Bank of England. It is clear that the total amount of credits must be exactly equal to the total amount of debits. All the transactions are settled by transfer, while the total amount of deposits by all the banks at the Bank of England, and the amount of her notes on hand, remain the same as before. But if a banker does not clear, but keeps an account with the Bank of England, this may make no difference. For if he receive money he will lodge it with the Bank, and if he pay away money he will withdraw it from the Bank, and the party with whom he has these transactions may have corresponding transactions with another banker who also has an account with the Bank of England.\*

Another effect is, that any change in the amount of notes in the hands of the public causes a correlative change in the amount of notes in the banking department of the Bank of England. It is certain that all the notes issued from the issue department must remain either in

\* Some of the West End bankers pay the City banks by cheques on the Bank of England, or on some City banker: but the oldest banks in Fleet Street, Strand, and Charing Cross still make such payments in bank notes.

the hands of the public or be deposited in the banking department, and any means that may be employed to economise the notes used by the public will in the same degree increase the notes in the banking department. And the extension of the deposit system, by which people put their money into a bank instead of keeping it in their pockets, does thus economise the notes. But it does not merely economise the notes, it economises the coin in the same way—and thus all the surplus notes and coin find their way into the Bank of England. If, from the increase of population, or trade, or wealth, the community require a larger amount of notes in order to carry on their operations of buying or selling, then this increased amount will cause a corresponding diminution of notes in the Bank of England. This has actually been the case for some years past with regard to notes of 5*l.* and 10*l.*, and consequently the amount of these notes in circulation has much increased; but if from opposite causes the amount of notes in the hands of the public is diminished, then the amount of notes in the Bank will be increased. This has taken place, as stated in the Report of the Bank Acts Committee, by means of the admission of the joint-stock banks into the clearing-house, and the amount of large notes in circulation is thereby diminished.

Now, what is the effect of this central system of deposit in a season of pressure? It must be recollected, that the Bank of England, like most other banks of deposit, is also a bank of discount. If the Bank discounts bills, and the parties take the notes thus obtained to the issue department and demand gold, which they send to France, or elsewhere, then the operation takes place which we have just described,—the gold in the issue department is diminished, and to the same extent the notes in the banking department are also diminished. When this operation is going on too rapidly, the bank will raise her rate of discount, in order to render it less profitable. But this may cause an excitement that shall increase the applications for discount for home purposes. These discounts, as we have explained, may be met by transfers, and merely cause an increase of deposits; but if the excitement extends into the country, and the country banks

desire a supply of notes to meet a possible run (for the only legal tender are Bank of England notes and coin), then notes must be obtained from the banking department, and will, of course, diminish the reserve. In the same way, if the pressure on the London banks should not be merely a commercial pressure, when their customers withdraw money to employ elsewhere, but a banking pressure, as in 1825, when the parties withdrew their money and hoarded it, for fear their banker should fail, then must the sums thus hoarded be derived from the Bank of England and diminish her reserve. But the notes for these purposes may not be demanded by way of discount, but may be withdrawn from her deposits; and then the Bank has no power to refuse. It seems clear, therefore, that, in proportion as we conduct our monetary transactions upon a system of transfer, and supersede the use of coin or bank notes, in such proportion will be the difficulties in seasons of panic, unless some bank be authorized by the Government to issue an amount of bank notes adequate to meet the wants of the occasion. Under the Act of 1844, the bank of England has no such power: and though she may refuse discounts or advances to other parties without endangering her own safety, yet as soon as she is unable to pay off her deposits when payment is demanded, she must, like other banks in similar circumstances, suspend payment. But while we thus admit that the deposit system of banking, by enabling transactions to be conducted with a less amount of bank notes, may increase the severity of a pressure in which bank notes are demanded, we must contend that the system, by diminishing the necessity for notes, contains within itself, in a very great degree, the means of avoiding that demand.

The Bank of England is governed by a court of directors, consisting of twenty-four members. These are selected from the mercantile classes of London, virtually, by the other directors, who form what is called a House List. They recommend certain persons to be chosen as directors, and the proprietors always follow this recommendation. The court hold their meetings every Thursday, and they then receive a report of the transactions of the preceding week.

The executive administration, in the meantime, is in the hands of the governor and deputy-governor, who may be advised or assisted by the committee of treasury. This committee is composed of those directors who have held the office of governor, of the existing governor and deputy-governor, and of the director who is intended to be the next deputy-governor. A director is at first an ordinary director, and attends the weekly meetings of the court. In turn he becomes, for one year, a member of the committee of treasury; then deputy-governor for two years; then governor for two years; and afterwards a permanent member of the committee of treasury. This committee meet once a-week, and at such other times as they may be called together specially by the governor. Sometimes they discuss the measures that are to be submitted to the next meeting of the court; but the court do not now so readily as formerly adopt their recommendations. The governor and deputy-governor, for the time being, make all loans and advances, and sometimes raise the rate of discount, without waiting for the opinion of the court. They conduct all negotiations with the Government, and, subject to the sanction of the court, have the whole administration of the affairs of the Bank. Each director must hold 2,000*l.* Bank stock; the deputy-governor, 3,000*l.*; and the governor, 4,000*l.* It was the rule that every director should take his turn for becoming governor; but recently it has been determined to place in that office the director whom the other directors shall, by ballot, think best qualified. Several suggestions were made before the parliamentary committees, for improving the composition of the court of directors. It was proposed that all the directors should not be taken from the commercial classes, but that some should be selected from the banking and manufacturing interests. It was also asked whether a permanent governor, either for life or for a number of years, would not be preferable to the present system.

In the year 1826, the Bank of England consented to establish branches, at the suggestion of Lord Liverpool, in order to extend to the provinces the advantage of a *secure* circulation. This was considered the grand desideratum at that time, in consequence of the numerous failures that

had recently taken place among the country bankers. This object was effected, and effected with greater facility, in consequence of the establishment of joint-stock banks, who made arrangements for issuing Bank of England notes.

These branches were not merely banks of circulation ; they were banks of deposit, of discount, and of remittance. In these respects they came into competition with the country bankers. They, in some cases, reduced the charges previously made on banking transactions. As banks of discount, they charged the same rate which was charged at the London office—a charge usually below that of the country banks. As banks of remittance, they granted letters of credit at a shorter term. As banks of deposit, they charged no commission. But, on the other hand, they allowed no interest on the balance, and they allowed no account to be overdrawn ; and they would not receive from their depositors any country notes unless the banks had previously opened an account with them, and made a lodgement to meet their notes.

The Bank of England has branches at Manchester, Swansea, Birmingham, Liverpool, Bristol, Newcastle-on-Tyne, Hull, Plymouth, Portsmouth, Leicester, Leeds, and at the west-end of London. The branches at Exeter, Gloucester, and Norwich, have been discontinued. We may here observe that the weekly statements published by the Bank of England includes the whole establishment, embracing the deposits, securities, reserves, and circulation of the branches, as well as those of the head office.

The profits of the Bank are derived from her capital, her rest, private and public deposits, the seven-day bills, her agencies, and her circulation. From these funds she makes investments in public securities and private securities. These bring dividends and interest. She also has a profit on the 14,475,000*l.* of notes in circulation. This profit is the difference between the expense of maintaining the circulation, and the interest received on the securities set apart to meet this circulation. The Bank has an annual payment from the Government for managing the National Debt. She also receives a commission from those banks to which she is the London agent.

A profit is also obtained on bullion transactions. The Bank buys gold at 3*l.* 17*s.* 9*d.* an ounce, and sells it at 3*l.* 17*s.* 10½*d.* an ounce. Against these profits the Bank has to place the expense of conducting the establishment, and the losses incurred by bad debts, forgeries, and unfortunate investments.

I shall close this Section by giving the form of the Weekly Returns, as published in the *Gazette* :—

*An Account, pursuant to the Act 7th and 8th Victoria, cap. 32, for the week ending on Wednesday, the 4th day of April, 1860.*

## ISSUE DEPARTMENT.

Notes issued . . . . .	£28,687,415	Government Debt . . . . .	£11,015,100
		Other Securities . . . . .	3,459,900
		Gold Coin and Bullion . . . . .	14,212,415
		Silver Bullion . . . . .	
	<u>£28,687,415</u>		<u>£28,687,415</u>

## BANKING DEPARTMENT.

Proprietors' Capital . . . . .	£14,553,000	Government Securities (in-	
Reserve . . . . .	3,783,135	cluding Dead Weight	
Public Deposits—(includ-		Annuitiy) . . . . .	£10,221,140
ing Exchequer, Savings		Other Securities . . . . .	24,964,764
Banks, Commissioners		Notes . . . . .	6,841,825
of National Debt, and		Gold and Silver Coin . . . . .	671,182
Dividend Accounts) . . . . .	9,696,432		
Other Deposits . . . . .	13,966,348		
Seven Day and other Bills	699,996		
	<u>£42,698,911</u>		<u>£42,698,911</u>

The above amounts in the hands of the public consisted in round numbers of the following denomination of notes, as given by the Bank Directors to the House of Commons :—

£5 notes . . . . .	£7,261,000
10 notes . . . . .	4,387,000
20 notes to 100 <i>l.</i> notes . . . . .	6,672,000
200 notes to 500 <i>l.</i> notes . . . . .	1,598,000
1000 notes . . . . .	1,927,000
Notes held by the public . . . . .	21,845,000
Notes held by the Bank . . . . .	6,842,000
Issue Circulation . . . . .	<u>£28,687,000</u>

The above sum of 21,845,000*l.* includes, as we have stated, the notes in circulation from the various branches. The following is the average circulation of each branch in the year 1857 :—

Manchester.....	£2,737,320
Swansea.....	91,996
Birmingham.....	666,396
Liverpool .....	947,484
Bristol .....	445,796
Leeds .....	443,690
Newcastle .....	754,069
Hull .....	110,867
Plymouth .....	281,001
Portsmouth .....	326,599
Leicester.....	199,979
Gloucester *	3,266
Norwich † .....	621
Exeter ‡ .....	216
	<hr/>
	£7,609,300

\* This branch was closed 28th February, 1849.

† Closed 31st May, 1852.

‡ Removed to Plymouth, 1st May, 1834.

## SECTION VI.

### THE LONDON PRIVATE BANKERS.

By the last Bank Charter Act (7 & 8 Vict. c. 32, s. 21), passed in the session of 1844, it was enacted "that every banker in England and Wales, who is now carrying on, or shall hereafter carry on business as such, shall, on the first day of January in each year, or within fifteen days thereafter, make a return to the Commissioners of Stamps and Taxes at their head office in London, of his name, residence, and occupation; or in the case of a company or partnership, of the name, residence, and occupation of every person composing or being a member of such company or partnership, and also the name of the firm under which such banking company or partnership carry on the business of banking, and of every place where such business is carried on; and if any such banker, company, or partnership shall omit or refuse to make such return within fifteen days after the said first day of January, or shall wilfully make other than a true return of the persons as herein required, every banker, company, or partnership so offending, shall forfeit and pay the sum of 50*l.*; and the said Commissioners of Stamps and Taxes shall, on or before the first day of March in every year, publish in some newspaper circulating within each town or county,



respectively, a copy of the return so made by every banker, company or partnership carrying on the business of bankers within such town, or respectively, as the case may be."

This was the first time that any of the banking companies in London were required to make returns to Government of the number or names of their partners. All banks that issued notes were required, when they applied for a licence, to name their partners; but as none of the London bankers issued notes they required no licence, and made no return. Nor did the joint-stock banks established in London make any returns to the Government of their partners. For as they did not possess, until the year 1844, the power of suing and being sued in the name of their public officers, they did not register, at any Government office, the names of their partners, though, in some cases, these names were appended to the Annual Reports of the directors. This Act (7 & 8 Vict. c. 32) came into operation in January, 1845, and we have now, therefore, the means of obtaining the names of all the partners in all the banking establishments throughout England and Wales.

The Act not only requires that the bankers shall make these returns between the first and fifteenth of January in each year, it requires also, that the Commissioners of Stamps and Taxes shall publish them before the first of March following, in some newspaper that circulates within the town or county in which the bankers making the return carry on their business. The returns from the London banks are published in supplements to the *London Gazette*, which we presume is considered to be a newspaper within the meaning of the Act.

The particulars required to be returned by the Act, and stated in the *Gazette*, are, the name of the firm or company; the name, residence, and occupation of the persons of whom the company or partnership consists; and the name of the place or places where the business is carried on.

The London banking establishments, according to the return in January, 1860, consist of fifty-four partnerships, each not having more than six partners; and of ten

public companies which are usually styled joint-stock banks. The former may be divided into three classes :—

I. Those who are members of the Clearing-house.

II. Those located east of Temple-bar, but are not members of the Clearing-house.

III. Those located west of Temple-bar.

*I. A List of Bankers who are Members of the Clearing-house.*

<i>Names of the Firm.</i>	<i>No. of Partners.</i>	<i>Residences.</i>
1. Barclay, Bevan, Tritton & Co. . . . .	4	56, Lombard-street.
2. Barnett, Hoare, Barnett & Co. . . . .	5	62, Lombard-street.
3. Bosanquet, Franks & Co. . . . .	4	73, Lombard-street.
4. Brown, Janson & Co. . . . .	6	32, Abchurch-lane.
5. Curries & Co. . . . .	4	29, Cornhill.
6. Dimsdale, Drewitt, Fowler & Barnard.	4	50, Cornhill.
7. Fuller, Banbury, Nix & Mathieson . . .	4	77, Lombard-street.
8. Glyn, Mills & Co. . . . .	7	67, Lombard-street.
9. Hanbury and Lloyds . . . . .	5	60, Lombard-street.
10. Hankey & Co. . . . .	5	7, Fenchurch-street.
11. Heywood, Kennards & Co. . . . .	4	4, Lombard-street.
12. Jones, Loyd & Co. . . . .	4	43, Lothbury.
13. Lubbock, Forster & Co. . . . .	3	11, Mansion-House-street.
14. Martin & Co. . . . .	3	68, Lombard-street.
15. Masterman, Peters, Mildred & Co. . .	5	6, Nicholas-lane, Lombard-st.
16. Prescott, Grote, Cave & Co. . . . .	5	62, Threadneedle-street.
17. Price, Marryat & Co. . . . .	2	3, King William-street.
18. Roberts, Curtis & Co. . . . .	5	15, Lombard-street.
19. Olding, Sharpe & Co. . . . .	4	29, Clements-lane, Lombard-st.
20. Smith, Payne & Smiths . . . . .	6	1, Lombard-street.
21. Spooner, Attwoods & Co. . . . .	3	27, Gracechurch-street.
22. Stevenson, Salt & Sons . . . . .	2	20, Lombard-street.
23. Williams, Deacon & Co. . . . .	6	20, Birchin-lane.
24. Willis, Percival & Co. . . . .	4	76, Lombard-street. %
Total . . . . .	104	

*II. A List of Bankers, East of Temple-Bar, who are not Members of the Clearing-house.*

<i>Name of the Firm.</i>	<i>No. of Partners.</i>	<i>Residences.</i>
1. W. & J. Biggerstaff . . . . .	2	8, West Smithfield.
2. John Brown & Co. . . . .	1	25, Abchurch-lane.
3. Challis & Son . . . . .	3	37, West Smithfield.
4. Child & Co. . . . .	6	1, Fleet-street.
5. Roger Cunliffe, Son & Co. . . . .	3	24, Bucklersbury.
6. Cunliffes & Co. . . . .	4	24, Lombard-street.
7. Robert Davies & Co. . . . .	2	187, Shoreditch.
8. John Feltham & Co. . . . .	2	42, Lombard-street.
9. Goslings & Sharpe . . . . .	5	19, Fleet-street.
10. C. Hill & Sons. . . . .	2	17, West Smithfield.

<i>Name of Firm.</i>	<i>No. of Partners.</i>	<i>Residences.</i>
11. Messrs. Hoare . . . . .	2	37, Fleet-street.
12. H. and J. Johnston & Co. . . . .	4	15, Bush-lane.
13. Lacy & Son . . . . .	1	60, West Smithfield.
14. Praeds & Co. . . . .	5	189, Fleet-street.
15. Puget, Bainbridges & Co. . . . .	4	12, St. Paul's Churchyard.
16. Samuel & Montague . . . . .	2	21, Cornhill.
17. John Shank . . . . .	1	4, Bank-buildgs. Met. Cattle
18. Adam Spielmann & Co. . . . .	1	79, Lombard-street. [Mkt.
19. J. & W. S. Stride . . . . .	2	41, West Smithfield.
Total . . . . .	52	

### III. A List of Bankers West of Temple-Bar.

<i>Name of the Firm.</i>	<i>No. of Partners.</i>	<i>Residences.</i>
1. Call, Marten & Co. . . . .	2	25, Old Bond-street.
2. Cocks, Biddulph & Co. . . . .	4	43, Charing Cross.
3. Coutts & Co. . . . .	6	58 & 59, Strand.
4. Messrs. Drummond . . . . .	7	49, Charing Cross.
5. Hallett, Maude & Co. . . . .	3	14, St. George-st. Westminster.
6. Herries, Farquhar & Co. . . . .	6	16, St. James's-street.
7. Chas. Hopkinson & Co. . . . .	3	3, Regent-street.
8. Ransom, Bouverie & Co. . . . .	5	1, Pall Mall East.
9. Sir Samuel Scott, Bart. & Co. . . . .	2	1, Cavendish-square.
10. Seale, Low & Co. . . . .	2	7, Leicester-square.
11. Richd. Twining & Co. . . . .	2	215 & 216, Strand.
Total . . . . .	42	

	<i>Firms.</i>	<i>Partners.</i>
Banks Members of the Clearing-house . . . . .	24	104
Ditto East of Temple-bar, not Members of the Clearing-house . . . . .	19	52
Ditto West of Temple-bar . . . . .	11	42
Total . . . . .	54	198

*The names of the following Firms do not correspond with the names of the Partners.*

1. In the firm of Messrs. Jones, Loyd and Co., there is no partner of the name of Jones.
2. In the firm of Messrs. Lubbock, Forster and Co., there is no partner of the name of Forster.
3. In the firm of Messrs. Price, Marryat and Co., there is no Co.
4. In the firm of Messrs. Smith, Payne and Co., there is no partner of the name of Payne.
5. In the firm of Messrs. Spooner, Attwoods and Co., there is no partner of the name of Spooner.
6. In the firm of Messrs. Stevenson, Salt and Sons, there is no partner of the name of Stevenson, nor any partner whose Christian name is Stevenson.
7. In the firm of Messrs. Willis, Percival and Co., there is no partner of the name of Percival.

1. In the firm of Messrs. John Brown and Co., there is no Co.
2. In the firm of Messrs. C. Hill and Sons, there are only two partners of the name of Hill.
3. In the firm of Messrs. Hugh and John Johnston and Co., there is no partner of the name of Johnston.
4. In the firm of Messrs. Puget, Bainbridges and Co., there is no partner of the name of Puget.
5. In the firm of Messrs. Adam Spielmann and Co., there is no Co.
6. In the firm of Messrs. Child and Co., the only partner of the name of Child is, "The Right Honourable Sarah Sophia Child, Countess of Jersey."
7. In the firm of Lacey and Son, the only person is Mr. Charles J. Lacey.

1. In the firm of Messrs. Call, Marten and Co., there is no Co.
2. In the firm of Messrs. Coutts and Co., there does not appear to be any partner of the name of Coutts. The return stands thus—"Edward Majoribanks, Sir Edmund Antrobus, Bart., Wm. Mathew Coulthurst, Bankers, individually and collectively as trustees for the parties beneficially interested in the Will of the late Duchess of St. Albans."—Edward Majoribanks, Jun., Hugh Lindsay Antrobus, Edmund Coulthurst.
3. In the firm of Messrs. Herries, Farquhar and Co., there is no partner of the name of Herries.
4. In the firm of Messrs. Ransom, Bouverie and Co., there is no partner of the name of Ransom.
3. In the firm of Sir Samuel Scott, Bart. and Co., there is no Sir Samuel Scott, Bart.
6. In the firm of Messrs. Seale, Low and Co., there is no Co.

*In the following Firms all the Partners have the same name:—*

Messrs. Curries, Messrs. Hankey & Co., Messrs. Smith, Payne & Smiths,  
Messrs. Stevenson, Salt & Sons.  
Messrs. W. & J. Biggerstaff, Messrs. Challis & Son, Messrs. C. Hill and Sons,  
Messrs. Hoare, Messrs. J. & W. S. Stride.  
Messrs. Drummond, Messrs. Richd. Twining & Co.

It may be interesting to compare the London Private Banks as they stood in January, 1860, and in January, 1845, the year the returns were first required.

### *I.—Clearing Bankers.*

There are two firms registered in the year 1845 that do not appear in the list of 1860.

Messrs. Sapte, Banbury, Muspratt & Co. . . . .	77, Lombard-street.
Messrs. Weston & Young . . . . .	{ 6, Wellington-st. St. Saviour's, Southwark.

Messrs. Weston and Young afterwards became Young and Son, and the son dying, Mr. Young honourably retired at the end of the year 1847. The business was transferred to the Southwark branch of the London and Westminster Bank.

In the latter end of the year 1859 a junction was arranged between Messrs. Sapte and Co. and Mr. Fullers ;

and from those Banks the firm was formed of Messrs. Fuller, Banbury, Nix and Mathieson, who commenced business on January 1, 1860, in the premises of Messrs. Sapte and Co. 77, Lombard-street.

All the Clearing Private Banks registered in the year 1860 are in the returns of the year 1845.

### *II.—Non-Clearing Private Banks East of Temple-Bar.*

The following firms were registered in the year 1845, but do not appear in the return of 1860 :—

1. Abraham Bauer and Co., 71, King William-street.
2. James Bult and Co., 85 and 86, Cheapside.
3. Dixon, Brooks and Dixon, 25, Chancery-lane.
4. Drewitt and Fowler, 4, Princes-street.
5. Jones and Sons, 41, West Smithfield.
6. Smithfield Agency Banking Co. (Jones and Medon), 59, West Smithfield.
7. William Henry Stallard, 76, West Smithfield.
8. Thomas G. Tisdall, 15, West Smithfield.

Messrs. Dixon, Brooks and Dixon transferred their business in the year 1859 to the Temple-bar branch of the Union Bank of London.

Messrs. Drewitt and Fowler transferred their business in the year 1851 to the Clearing Bank of Messrs. Barnard, Dimsdale and Co. and with them formed the present firm of Messrs. Dimsdale, Drewitt, Fowler and Barnard.

The following firms were registered in the year 1860, but do not appear in the returns of 1845 :—

1. John Brown and Co. 25, Abchurch-lane.
2. Challis and Son, 37, West Smithfield.
3. Samuel and Montague, 21, Cornhill.
4. Adam Spielmann and Co. 79, Lombard-street.
5. J. W. and S. Stride, 41, West Smithfield.
6. John Shank, 4, Bank-buildings, Metropolitan Cattle Market.

### *III.—Private Banks West of Temple-Bar.*

The following Banks registered in the year 1845 do not appear in the return of 1860 :—

1. Bouverie, Norman and Murdock, 11, Haymarket.
2. Cockburn and Co., Whitehall.
3. Strahan, Paul and Bates, 217, Strand.

Messrs. Bouverie and Co. transferred their business in the year 1856 to Messrs. Ransom and Co. and with them formed the present firm of Messrs. Ransom, Bouverie and Co.

Messrs. Strahan, Paul and Bates stopped payment in the year 1855, and the partners were sentenced to four

years' imprisonment for using securities lodged by their customers. Their premises were purchased and their principal officers engaged by the London and Westminster Bank, who then opened a branch at Temple Bar.

The following Bank, registered in the year 1860, does not appear in the return of 1845 :—

Messrs, Seale, Low and Co., 7, Leicester-square.

*Summary.*

	<i>Firms.</i>		<i>Partners.</i>	
	<i>In 1845.</i>	<i>In 1860.</i>	<i>In 1845.</i>	<i>In 1860.</i>
1. Clearing Banks .....	26	24	112	104
2. Non-clearing Bks. E. of Temple-bar	21	19	54	52
3. West of Temple-bar .....	13	11	51	42
Total .....	60	54	217	198

The Clearing Banks are Banks of deposit and of discount, and they act as agents to the country banks. The banks in Fleet-street and in Westminster do not usually discount bills for their customers, nor act as agents to country banks. Their connexions embrace chiefly the clergy, the gentry, and the nobility. Their loans to their customers are chiefly upon landed security, and they are supposed to hold a large amount of exchequer bills and other Government securities. None of the London bankers allow interest on deposits, or charge commission on town accounts. Those who act as agents to country banks charge a commission on the debit side of the account, and some of them allow interest on the daily balance. Instead of a *pro rata* commission, some country banks pay their agents by a fixed annual payment, or by keeping in their hands a certain balance without interest. None of the present London bankers have ever issued notes, though, until the year 1844, they had legally the power of doing so. Several of them issue "Circular Notes," for the use of travellers on the continent.

The Clearing-house was established about the year 1780,

by some of the London bankers, for the purpose of facilitating their exchanges with each other. It was at first by no means generally approved, and some of the principal bankers refused to have recourse to it. After the number of clearing bankers had increased, a committee was formed for its government. This committee is composed of five or six of the leading bankers, and any new bank that desires to have the privilege of clearing, must now apply for permission to the committee.

The object the clearing bankers had in view was to exchange bills and cheques against bills and cheques, and thus be enabled to carry on their business with a less amount of unemployed capital. But while the bankers endeavoured to promote their own interest, they promoted at the same time the interest of the public. The sums liberated from employment in this way became available for employment in agriculture, manufacture, and commerce. Whenever any banker, therefore, is excluded from the Clearing-house, and is consequently obliged to keep a larger amount of cash in his coffers, his available capital is so far reduced, and thus the agriculture, manufactures, and commerce of the country receive less encouragement.

The establishment of the Clearing-house has led to new arrangements in several branches of business. The stock-brokers, for instance, now settle all their receipts and payments by cheques, to be paid through the Clearing-house. The cheques a broker draws on his banker are paid at the Clearing-house by cheques of other brokers, which he lodges to his credit. The colonial brokers also, and other classes of commercial men, have fixed days for settling their accounts, and on these days draw cheques on their bankers in the morning, and pay in cheques to meet them at a subsequent part of the day. Thus the institution of the Clearing-house has become entwined with the commerce of the country, and could not be discontinued without deranging every branch of business. It has also received the sanction of the law of the land, the courts of law having decided that the presentment of a bill of exchange at the Clearing-house is a legal presentment. In this case, as in many others, the custom of bankers

and merchants has become law. Many of our commercial laws have had the same origin. They have at first been mere regulations established by merchants for their own convenience; these regulations have been adopted by other classes of the community; they have been followed for a number of years; and then the law has recognised them as a portion of the commercial institutions of the country. Such was the origin of allowing three days' grace upon bills of exchange, and such has been the case with the Clearing-house. The Clearing-house is no longer, therefore, a private subscription-room, from which the parties admitted may exclude whomsoever they please, at their own caprice. They may exclude improper banking companies, as the Edinburgh banks refuse to exchange with any bank that is not respectable; but they are bound in justice to admit all respectable banks who may apply for admission.

The joint-stock banks were admitted into the Clearing-house in June, 1854; and the effect of this admission is thus stated in the Report of the Committee on the Bank Acts:—

“On the 8th June, 1854, the private bankers of London admitted the joint-stock banks to the arrangements of the Clearing-house, and shortly afterwards the final clearing was adjusted in the Bank of England. The daily clearances are now effected by transfers in the accounts which the several banks keep in that establishment. In consequence of the adoption of this system, the large notes which the bankers formerly employed for the purpose of adjusting their accounts are no longer necessary. The diminution in the use of these notes is shown by the following figures:

Bank Notes of 200 <i>l.</i> to 1,000 <i>l.</i> :	
1852 . . . . .	£5,856,000.
1857 . . . . .	£3,241,006.

This saving in the use of Bank of England notes is easily explained. Previously the joint-stock banks presented all their bills and cheques at the counters of the respective clearing bankers three times a-day, and received payment in bank notes. On the other hand, each clearing banker presented his bills and notes at the same hours on the several joint-stock banks, at their respective counters, and received payment in bank notes. To meet the



claims made upon them daily by the private banks, the joint-stock banks had to keep in their tills a larger amount of bank notes than they would keep were they members of the Clearing-house. And on the other hand, each clearing banker had also to keep a larger amount of bank notes to meet the claims made upon him at his counter, by the joint-stock banks. But when the joint-stock banks were admitted into the Clearing-house these notes were not required by either party, and they remained in the Bank of England.

*The Clearing of Cheques on Country Banks.*—The great extension of the deposit system of banking throughout the country led to a corresponding increase in the number of cheques drawn on country banks. And these cheques often circulated at a great distance from the banks on which they were drawn. Hence every country banker received from his customers every day a number of cheques drawn on banks at a distance from his own. His practice was to send off these cheques at the close of the day to the respective banks on which they were drawn, and to request that the bank on whom the cheque was drawn would request their London agent to pay that amount to the London agent of the bank by whom it was sent.

This plan occasioned the writing of a good many letters, and in the year 1858 some country bankers proposed to form a clearing institution of their own, by which the cheques on country bankers might all be cleared by passing through London. It may reasonably be doubted whether the plan they proposed would ever have been carried into effect; but it led Mr. Lubbock (of the firm of Sir John Lubbock and Co.) to suggest to the Clearing-house Committee a plan by which the cheques on country bankers might be cleared by the London bankers, and in the latter end of the year 1858 this plan was adopted.

According to this plan, a country banker who receives, say twenty cheques a-day, does not send them off to twenty different banks, but encloses the whole in his ordinary letter to his own London agent. His agent classifies them, and takes them over to the Clearing house, and delivers them to the London agents of the respective

country banks on which they are drawn ; and he receives from the other London banks the cheques they may hold upon the banks to which he is the agent. Each London banker sends by that night's post to his respective country connexions all the cheques drawn upon them, and by return of post receives orders to pay them. Thus every country banker, instead of receiving in the morning, say twenty cheques on himself in twenty different letters from twenty different bankers, receives them all in the letter of his London agent. And when he advises payment, he does not advise twenty different payments, but advises the whole in one sum.

Though the idea of clearing in London the cheques on country banks originated with the country bankers, yet the London bankers have some advantage from it. For some years past it has been the practice of traders in country towns, instead of getting, as heretofore, an order from the country bank on the London bank, and transmitting that as a payment to the wholesale house in London, to make their payments by sending to London their own cheques on the country bank. The wholesale house paid their cheques into their London banker, who had to transmit them to the country banker for payment. This occasioned the writing of a good many letters. But at present their cheques are taken to the Clearing-house with those received from the country, and are cleared in the same way.

The proceedings in London are the following :—

A clerk from each bank goes to the Clearing-house at twelve o'clock with all the country cheques, arranged in parcels according to their London agents. He gives these parcels to the respective clearing clerks, who enter them in their books, and check the amounts. The clerk brings home the parcel of cheques he has received from the other clerks, which are by that night's post sent to the respective country banks on whom they are drawn. No balance is struck nor any payment on this day. But two days afterwards the clerk takes the cheques which have been sent back from the country dishonoured and returns them to the clearing clerk from whom they were taken. A balance is then struck with each Bank, and the re-

spective balances are entered on the balance sheet, and the balance of the whole is received or paid in the clearing of that day.

A few large country banks have not fallen into this plan so far as sending their cheques to the clearing, though they willingly receive the cheques on themselves sent to them by their London agents. Their objection is, that in most cases the cheques are presented for payment to the bank on which they are drawn one day later than they would be if sent direct from the country bank that remits them. And although high legal opinions have been obtained, stating that this day is not beyond the time allowed by law, a case reported in *The Times* of July 25th, 1860, seems to render this point uncertain. On Friday, the 8th July, 1860, a customer paid into the Worthing Bank a cheque on a bank at Lewes. Had this cheque been sent direct from Worthing to Lewes, it would have been presented for payment on Saturday. But it was sent to London to be passed through the clearing, and was not presented at Lewes until Monday, when the drawer had stopped payment. The customer brought an action against the Worthing banker for the amount, upon the ground that he ought to have sent it direct, and that then the cheque would have been paid. The Judge (Blackburn) directed a verdict to be entered for the plaintiff, but leave was given to the defendant to move to have the verdict entered for him upon a point of law.

A pamphlet on "The Clearing of the London Bankers" has recently been published by "Sir John W. Lubbock, Bart. F.R.S. formerly Treasurer of the Royal Society, and Vice-Chancellor of the University of London." We quote this description at full length, to express our gratification that an experienced London Banker, when publishing a work on Banking, thinks it proper to describe himself by those honourable distinctions he has acquired as a man of science. Sir John Lubbock might be adduced as one example, among many others, to refute the absurd notion that the pursuits of banking and commerce are incompatible with the attainment of distinctions in the path of literature and science. In this pamphlet Sir John has introduced a variety of mathematical calculations, which

will be read with interest by those who are familiar with the science of probabilities. But the whole tend to a practical suggestion which is expressed at the end of the pamphlet.

"At present the London Bankers are compelled to keep very large sums of money unemployed, in order to provide for the possible results of each day's operations. It is, of course, impossible to ascertain the amount of notes kept in the tills of the several banks, but the returns presented to Parliament give, for each week, the total amounts of the balances kept by the bankers with the Bank of England, up to the end of 1857.

"A large amount might, therefore, safely be employed by the bankers collectively, and a considerable profit obtained, if the clearing could be worked out of a common fund, so as to assimilate the position of the banks to what it would be if they were all united in one establishment.

"In 1839, the actual transfer of money, or *difference of the sides*, was not, upon the average, more than 200,000*l.*, and now, probably, 500,000*l.* would be sufficient to provide for this payment. Although, however, the average difference is so small, the uncertainty is so great, that the London bankers are compelled to keep at the Bank of England a balance which varies between 2,500,000*l.* and 4,000,000*l.*, and, probably, never falls below the smaller amount.

"It is somewhat remarkable, that during the panic at the end of 1857 the balances of the London bankers exceeded 6,000,000*l.*

"As my career is drawing to a close, or, in the words of the poet, as my bark is nearing the shore, I must leave the details of such a plan to be worked out by younger heads."

We think there would be no difficulty in forming "such a plan." The banks of Scotland and of Ireland have for many years paid the balances of the clearing in Exchequer Bills. We have fully described in our "Practical Treatise" the mode of their proceedings. The balances of the London clearing might easily be adjusted in the same way. The London Clearing Banks would then receive Exchequer Bill interest for a large portion of the sums they now leave unproductive in the Bank of England.

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## SECTION VII.

## THE JOINT-STOCK BANKS IN LONDON.

THE chief points in which a joint-stock bank differs from a private bank are,—the number of its partners—the permanency of its capital—and the form of its government. A private bank has not more than six partners: a joint-stock bank may have a thousand partners. If a partner in a private bank die, or become insolvent, his capital is withdrawn from the bank: in the case of a partner in a joint-stock bank, his shares are transferred, and the capital of the bank remains the same. In a private bank all the partners may attend to its administration: a joint-stock bank is governed by a board of directors. The business principles on which these two kinds of banks are administered are the same, and the observations of the preceding sections will equally apply to both.

The following are the principles of the London and Westminster Bank; the first Joint-Stock Bank established in London:—

1. The bank shall consist of an unlimited number of partners. This is essential to its character as a joint-stock bank. It was ascertained that within the previous twenty years about twenty private banking houses had stopped payment in London—that by most of these failures the public had sustained considerable losses, and that great difficulties and embarrassments had been occasioned by the interruption to business and the want of confidence which these failures had occasioned. A bank, composed of several hundred partners, all of whose property would be answerable for its obligations to the public, seemed the most effectual way of preventing the recurrence of these evils. To show the strength of the company and the extent of the confidence to which they are entitled, a list of the shareholders is published with the annual report of the directors. Since the act of 1844 these names have also been published at the commencement of each year in a Supplement to the *Royal Gazette*.

2. A second principle adopted was, that the bank should have a large paid-up capital.

It was observed that the London bankers did not carry on business with their own capital, but merely upon their credit : they were supposed to be men of property, and, in some cases, this supposition constituted the whole of their working capital. Hence, in some instances, London bankers had stopped payment who were perfectly solvent ; but their property was not engaged in their business, and could not suddenly be realized to pay their debts. To obviate these inconveniences—to be prepared at all times for a withdrawal of its deposits—to be able to give adequate accommodation to its customers—and to support public confidence in seasons of extreme pressure, a large paid-up capital was deemed requisite. No idea seems to have been entertained of remaining satisfied with a small capital in order to pay larger dividends. The directors do not appear to have regarded themselves as mere agents, employed to obtain the most rapid return for a sum of money ; but they acted as the founders of an establishment destined to take a high rank among the national institutions of the country. The capital of the bank was fixed at 5,000,000*l.* sterling, divided into 50,000 shares of 100*l.* each. All these shares are in the hands of the partners, and the paid-up capital of the bank is thus 1,000,000*l.*, with a power in the directors of calling up an additional sum of 4,000,000*l.* sterling.

3. It was observed that the London private banks were adapted only for the rich. An indispensable condition of having an account was, that a certain sum should be kept unproductive in the banker's hands. Thus the middle class of society who had the means of employing the whole of their capital in their respective occupations, were altogether excluded from the advantages of banking. To remedy this defect, the London and Westminster Bank determined to open accounts with persons who had not the means of keeping large balances unemployed, but who were willing to pay the bank a small commission for conducting their accounts. The principle of commission is not practised in Scotland with regard to current accounts, as the banks look for payment chiefly by the issue of their

notes. In this country the principle is adopted in the provinces, and even by the London bankers in regard to their country accounts. The application of this principle to London accounts was an improvement introduced by the London and Westminster Bank, and it brought the advantages and conveniences of banking within the grasp of a large class of the community to whom they were previously denied.\* The expense of keeping a banking account was also reduced by the prohibition of presents or Christmas-boxes to the clerks. Although the system of Christmas-boxes was sanctioned by the Bank of England as well as by the private bankers, it was considered a practice more honoured in the breach than in the observance. Whether these presents are regarded as taxes upon the customers, or as charitable donations to the clerks, they were deemed to be equally objectionable.†

4. A further attempt was made to popularize the system of banking in London, by allowing interest upon small sums of money lodged on deposit receipts. All the witnesses examined before the Parliamentary Committees of 1826, had borne testimony as to the beneficial effects of this system in Scotland. And although the London and Westminster Bank, not being a bank of issue, could not regard these small deposits as an instrument of increasing its circulation of notes, yet it was thought that the system might be rendered a source of profit to the bank, and certainly an advantage to the community. The savings banks could receive no more than 30% from a depositor in each year, and only 150% in the whole. Those parties who had further sums they wished to deposit in a place of security, upon the principle of receiving interest on the sums thus lodged, were provided with such a place in the London and Westminster Bank. Sums from 10% to 1,000% are received on deposit, and interest allowed at a known rate, and they are at all times repayable upon demand without notice.

The London and Westminster Bank have not adopted the system of cash credits as practised in Scotland. These credits are valued by the Scotch banks chiefly as an

\* This principle has since been adopted by the Bank of England.

† In the year 1849 this practice was discontinued by the Bank of England.

instrument for the issue of their notes ; and it may be questioned whether the system can be rendered a source of profit to a non-issuing bank without imposing heavy charges in the form of interest and commission upon the customers.

5. While, however, the founders of the bank were thus regardful of the industrious classes of the community, they were not inattentive to the interests of the wealthy. Professional men, merchants, and gentlemen of fortune, have often large sums of money in their hands for a short time, waiting favourable seasons of investment. For these sums the private bankers would allow no interest. The London and Westminster Bank determined to take temporary or permanent lodgments of sums of 1,000*l.* and upwards, upon special agreement as to the rate of interest and time of repayment. The rate of interest is usually governed by the state of the money market, and the principal is repaid at a fixed time, or at a few days' notice, as may be agreed upon. Parties may lodge money upon an interest account who have no current account, and those who have current accounts may transfer any portion of their balance to an interest account ; but the bank allows no interest on the balance of a current account. It is considered that a large portion of the fluctuating balance of a current account must be kept in the till to meet the daily cheques drawn by the customers ; that the remainder must be invested in the most available, and therefore the least productive, securities ; and that considerable expense is incurred by books, cheques, salaries, &c., in conducting these accounts ;—and hence that the bank could not afford to grant any rate of interest which it would be worth while for the customers to receive. A person, therefore, may have two accounts—a current account and a deposit account. Upon one he receives interest—upon the other he receives none. The London and Westminster Bank think it better to keep these two accounts distinct than to adopt any system of amalgamation.

6. Another principle of the bank—not announced in the prospectus, but adverted to in some of the Annual Reports—is that of keeping a large portion of its funds at all times in a convertible state. In the Report of



March 1839, the directors state—"Although a low rate of interest prevailed during the last year, the directors did not allow the desire of making large profits to tempt them into advances upon inferior securities, or to lock up their funds in inconvertible investments;—they feel assured that any departure from sound principles in banking, even when attended with *immediate* profit, must always result in loss to the proprietors, and danger to the establishment." Again, in the Report delivered in March 1844, we read—"Throughout the whole of last year money was exceedingly abundant, and, consequently, cheap. But although a low value of money affects most severely those banks that have the largest paid-up capital, and which have been so managed as to retain the full command of their funds, yet the directors did not suffer the desire of obtaining a higher rate of interest to betray them into advances upon doubtful or inconvertible securities." In conformity with this principle we find, from the account of assets and liabilities attached to the Annual Reports of the directors, that the amount invested in Government securities is considerably more than the whole capital of the bank. The propriety of such a course must have been abundantly evident during the existence of the bank, for it would be impossible to find so many "pressures" on the market, or so much fluctuation in the value of money, within any similar period in the history of banking. It may be presumed that the directors spoke from their own experience, when they stated in their Report of March 1840, "The years 1837 and 1838 were remarkable for the abundance and cheapness of money, and the year 1839 for scarcity and pressure. Neither of these extremes is favourable to large banking profits; a state in which money is easy without being abundant, and valuable without being scarce, is most conducive to the welfare of both the banking and the commercial interests of the country."

7. Another principle adopted by the London and Westminster Bank is the system of branches.

This system, to the extent to which it is now carried, does not seem to have been contemplated by the original founders of the bank. The first prospectus announced merely that a bank would be established in the City, with

a branch at the West-end of the town. But a power to establish other branches was inserted in the deed of settlement, and it was soon observed that from the increasing extent and business of London, there were districts which were inadequately supplied with banking accommodation. In these districts the inhabitants were compelled either to forego all banking facilities, or to submit to the inconvenience of keeping their account with a bank at a distance from their habitation. It was to meet the public wants, more, perhaps, than with any sanguine expectation of reaping any large amount of immediate profit, that the directors extended their branches. Peradventure, too, it was feared that unless the London and Westminster Bank occupied these districts, the inhabitants might be induced to form among themselves small joint-stock banks with inadequate capital, and thus have impaired the respectability of the system. In one instance this in fact actually occurred. The mode of conducting business is the same at the branches as at the City-office. A customer's cheque can be paid only at the branch on which it is drawn, but he may have money placed to his credit with that branch at any of the other establishments. Those country notes that are made payable at the London and Westminster Bank, are, as a matter of courtesy, paid at any of the branches. Each branch makes both daily and weekly returns of its transactions, which are laid before the directors; and the affairs of all the branches are subjected to the personal inspection of the general manager. At the same time all the arrangements tend to localise the branches, so as to give them as much as possible the character of independent banks. The managers are selected for their experience in banking, and they give immediate replies to the inquiries of both their customers and the public. They are ready to afford every facility to the parochial and other authorities, in conducting the financial arrangements of the districts. They allow the same rate of interest on deposits which is allowed at the City-office; and in making advances or discounts, they are not restricted to the amount which their own funds can supply. Thus each district has, in a branch bank, all the advantages that could be derived from an independent

local bank, combined with the additional security and accommodation to be obtained from a more extended and wealthy establishment.

8. The government of the bank is in a board of directors, consisting of not fewer than twelve members. Three go out annually by rotation, but are eligible for re-election. The present number is fifteen, but it can be increased at any time by a vote of the general meeting of proprietors. There is no governor, or deputy-governor, or permanent chairman. Five of the directors are trustees, and are also registered as the public officers of the company, in whose names, or any one of them, the bank may sue and be sued. The qualification for a director is fifty shares in the bank.

The directors have the appointment of the managers and the clerks. Mr. James William Gilbart was the general manager of the bank from its commencement. He was previously the manager of the Waterford Branch of the Provincial Bank of Ireland. The following is an extract from his address to the shareholders at the general meeting, held in July 1852 :—

“I believe I am the oldest bank manager in England, having been a manager above five-and-twenty years. A portion of this time was passed as a manager in the Provincial Bank of Ireland, and I then became the first manager of the first joint-stock bank established in London. There is a gratification in remembering that our bank was the first. For the first in point of time implies the first in point of difficulty—the first in point of opposition to be encountered—the first in point of the necessity for wise and prudent management. The second, the third, the fourth, might all profit by the experience of the first, but the first had no experience by which to profit. I feel gratified in recollecting that the principles and rules on which the bank has been so successfully governed for the last eighteen years, were drawn up by myself, and submitted to the provisional committee before the bank came into operation. It must be gratifying to the directors, under whose sanction and authority that statement was given to the public, to find that we then advanced no principles that we have since had occasion to recal, and we indulged in no anticipations that have not been fully realized. It is gratifying to my brother managers and myself, as practical bankers, to have been the means of demonstrating the soundness of the principles that were adopted, by the success of our exertions; and it must be gratifying to the shareholders to know, that since the bank was

established, they have received in dividends alone a sum equal to more than twelve times the amount of the capital paid up on the day of our opening. Such has been the history of the past. And if the same knowledge, and judgment, and prudence, and energy, and moral principle, which have characterised the past administration of the bank, should also characterise its future administration, then it is reasonable to expect that, with the blessing of Providence, our bank will rise to a much higher degree of prosperity."

On December 31, 1859, Mr. Gilbert retired from the office of General Manager, and was succeeded by Mr. Ewings, the Manager of the Bloomsbury Bank. At the General Meeting of shareholders held in January, Mr. Gilbert was, on the recommendation of the Board, elected a Director.

The following are the names of the present directors and principal officers:—

#### DIRECTORS.

Henry Bosanquet, Esq.	William Haigh, Esq.
Henry Buckle, Esq.	George Hanson, Esq.
John Garratt Cattley, Esq.	John Lewis Ricardo, Esq. M.P.
Thomas Chapman, Esq. F.R.S.	David Salomons, Esq. Ald., M.P.
James Denis de Vitre, Esq.	William Tite, Esq., M.P. F.R.S.
Bonamy Dobree, Jun., Esq.	Joshua Walker, Esq.
Joseph Esdaile, Esq.	William Wallace, Esq.
James Wm. Gilbert, Esq. F.R.S.	

GENERAL MANAGER.—William Ewings.

*City Office.*—41, Lothbury; W. S. Higley, Manager.

*Westminster Branch.*—1, St. James's Square; J. W. Weldon, Manager.

*Bloomsbury Branch.*—214, High Holborn; C. Reeve, Manager.

*Southwark Branch.*—3, Wellington Street, Borough; H. Withers, Manager.

*Eastern Branch.*—87, High Street, Whitechapel; W. D. Asperne, Manager.

*St. Marylebone Branch.*—4, Stratford Place, Oxford Street; H. Cundell, Manager.

*Temple Bar Branch.*—217, Strand; C. Ward, Manager.

*Country Department.*—41, Lothbury; T. C. Fletcher, Manager.

SECRETARY.—Henry T. Fairland.

9. The following is a summary of the principles of the bank as announced in its last prospectus:—

"The capital of the bank is 5,000,000*l.* sterling, in 50,000 shares of 100*l.* each. The sum of 20*l.* has been paid on each share, so that the paid-up capital is 1,000,000*l.* sterling.

"The bank has above 1,500 partners, whose names are registered at the Stamp Office, and are printed with the annual report of the directors.

"Current accounts are received on the same principles as those observed by the London bankers. Every person connected with the establishment signs a declaration of secrecy as to the accounts of individuals. No Christmas-boxes or other gratuities are allowed to be taken by the officers of the bank. The bank takes the agency of joint-stock banks, private bankers, and other parties residing at a distance. Strong rooms are provided for the security of deeds and other property lodged by the customers of the bank. Parties who are desirous of having current accounts, without being under the necessity of keeping a balance, are charged a small commission proportionate to the amount of their transactions.

"Sums of 10*l.* and upwards are received upon interest, and are repayable upon demand without notice. For these sums receipts are granted, called deposit receipts. These receipts are not transferable, nor can cheques be drawn against them, but when paid they are endorsed by the depositor, and returned to the bank. If the money is withdrawn within a month, no interest is allowed. Parties may lodge money upon an interest account who have no current account, and those who have current accounts may transfer any portion of their balance to an interest account.

"Circular notes are issued for the use of travellers on the Continent. No expense whatever is incurred, and when cashed no charge is made for commission. They may be obtained at the City Office in Lothbury, or at any of the branches. Letters of credit are also granted on most cities and towns in Europe; as well as New York;—Capetown and Grahamstown, Cape of Good Hope;—Port Elizabeth, Algoa Bay;—Hobart Town, and Launceston, Van Diemen's Land; and St. John's, Newfoundland."

The other joint-stock banks that carry on business in London are the following:—

The London Joint-Stock Bank, Princes Street, with a branch in Pall Mall.

The Union Bank of London, Princes Street, with branches at Charing Cross, Argyle Street, and Fleet Street.

The Commercial Bank of London, Lothbury, with a branch in Henrietta Street, Covent Garden.

The City Bank in Threadneedle Street.

The Bank of London in Threadneedle Street, with a branch in the Strand.

The Unity Bank in Cannon Street, with a branch in Leicester Square.

Also—

The London and County Bank, with five branches in London and the neighbourhood, and ninety-nine branches in the country.

The National Bank in Old Broad Street, with forty-nine branches in Ireland.

The Bank of Agra in Cannon Street, with seven branches in India.

The London and Westminster Bank; the London Joint Stock Bank; the Union Bank of London; the Commercial Bank of London; the London and County Bank; and the National Bank, were formed previous to the year 1844, and have no charters. The City Bank; the Bank of London; and the Unity Bank, have charters under the Act of 1844; but these charters do not limit the liability of the shareholders. The Bank of Agra has a charter with limited liability. The liability is limited to 2,000,000*l.*, of which 1,000,000*l.* is paid up.

The following table shows the condition of these banks on June 30, 1860 :—

<i>Date of Commencement.</i>	<i>Name.</i>	<i>Capital.</i>	<i>Surplus Fund.</i>	<i>Deposits.</i>	<i>Rate of Dividend &amp; Bonus for the year ending June 1860.</i>	<i>Number of Branches in London.</i>
		<i>£</i>	<i>£</i>	<i>£</i>		
1834	London Westminster Bk.	1,000,000	205,000	11,919,571	20	6
1836	London Joint-Stock Bank	600,000	211,560	9,826,506	18	1
1840	Union Bank of London...	720,000	none	9,740,548	12½	3
1840	Coml. Bank of London.	300,000	75,000	979,708	7½	1
1855	City Bank.....	300,000	33,000	2,341,434	7½	none
1855	Bank of London.....	300,000	27,000	1,594,631	5	1
1856	Unity Bank .....	179,195	none	139,057	none	1
		3,399,195	551,560	36,541,455		13
1838	London and County Bank	500,000	110,000	5,366,127	11	5
1836	National Bank.....	500,000	179,781	4,034,804	12	none
1833	Agra & United Service Bk.	1,000,000	190,000	1,635,437	12	none
	Total.....	5,399,195	1,031,341	47,577,823		18

The first seven of the above banks and their branches carry on business only in London. The deposits of the last three of these banks include those at their branches which are not in London.

London is also the head-quarters of the following joint-stock banks who do not act as bankers in London, but who carry on their operations at a distance:—The National Provincial Bank of England; the Provincial Bank of Ireland; the Colonial Bank; the Bank of British North America; the Ionian Bank; the Oriental Bank; the Bank of Australasia; the Union Bank of Australia, the Southern Bank of Australia, the London Chartered Bank of Australia, and several others.

The shareholders in the London joint-stock banks, as published in the Supplement to the *London Gazette* in January 1860, may be thus classified:—

<i>Banks.</i>	SHAREHOLDERS RESIDENT.					<i>Total Shareholders.</i>
	<i>In London and within 15 miles.</i>	<i>In the country.</i>	<i>In Scotland.</i>	<i>In Ireland.</i>	<i>Abroad.</i>	
London & Westminster Bank	1,061	569	48	20	41	1,739
London Joint-Stock Bank ...	815	377	16	11	21	1,240
Union Bank of London .....	792	292	58	10	9	1,161
Commercial Bank of London	248	80	10	2	18	358
The City Bank .....	217	88	7	2	0	312
Bank of London .....	221	86	3	4	3	317
The Unity Bank .....	189	204	3	3	8	407
	3,543	1,694	145	52	100	5,534
London and County Bank...	293	581	5	4	6	889
The National Bank .....	70	25	9	699	3	806
The Agra Bank .....	142	129	28	16	314	627
Total .....	4,048	2,429	185	771	423	7,856

The following is a classification of the female shareholders in January 1860:—

<i>Banks.</i>	<i>Total Share- holders.</i>	<i>Spinsters.</i>	<i>Widows.</i>	<i>Wives.</i>	<i>Total female Shareholders.</i>	<i>Proportion per cent.</i>
London and Westminster Bank	1,739	355	192	59	606	34
London Joint-Stock Bank .....	1,240	226	110	11	348	27
Union Bank of London .....	1,161	205	116	26	347	29
Commercial Bank of London...	358	(Not specified)		2	72	20
The City Bank.....	312	27	10	1	38	12
Bank of London .....	317	20	10	3	33	10
The Unity Bank .....	407	18	17		35	8
	6,534	852	455	102	1,479	
London and County Bank .....	889	145	59	2	206	20
The National Bank .....	806	115	62		177	21
The Agra Bank.....	627	56	56	15	127	19
<b>Total .....</b>	<b>7,856</b>	<b>1,168</b>	<b>632</b>	<b>119</b>	<b>1,989</b>	

As we have compared the Private Banks of London as they stood in 1845 and in 1860, we shall pursue the same course with the London Joint Stock Banks:—

*Table I. 1845. To be compared with Table at page 69.*

<i>NAMES OF BANKS.</i>	<i>Date.</i>	<i>Paid-up Capital.</i>	<i>Surplus Fund.</i>	<i>Deposits.</i>
		£	£	£
London & Westminster Bank	Jan. 1, 1845	800,000	69,904	2,676,741
London Joint Stock Bank .....	Jan. 1, 1845	600,000	90,856	2,245,330
Union Bank of London .....	July 1, 1844	422,900	12,900	1,591,200
Commercial Bank of London	July 1, 1844	80,000	2,514	239,622
		1,902,900	176,174	6,752,893
London & County Bank .....	Jan. 1, 1845	161,025	12,727	1,231,412
		2,063,925	188,001	7,984,305



*Table II.—To be compared with Table at page 70.*

<i>January 1, 1845.</i>	<i>London &amp; Westmr. Bank.</i>	<i>London Jt. Stock Bank.</i>	<i>Union Bank of London.</i>	<i>Commerl. Bank of London.</i>	<i>London &amp; County Bank.</i>	<i>Total.</i>
Partners Resident in London and within 15 miles)	697	633	401	73	103	1,907
Partners in other parts of England.....)	286	143	129	75	274	907
Partners in Scotland .....	42	10	107	4	...	163
„ in Ireland .....	11	1	1	2	...	15
„ abroad.....)	7	6	7	1	...	21
Total .....	1,043	793	645	155	377	3,013

*Table III.—Female Shareholders in 1845. To be compared with Table at page 71.*

<i>January 1, 1845.</i>	<i>Married.</i>	<i>Widows.</i>	<i>Spinsters.</i>	<i>Total.</i>
London and Westminster Bank	16	60	120	196
London Joint Stock Bank.....)	2	35	83	120
Union Bank .....	2	28	53	83
London and County Bank .....	24	4	26	54
Commercial Bank of London, which does not describe its Female Shareholders.....)	44	127	282	453
				10
				463

It may be useful to inquire what effects have been produced by the establishment of Joint Stock Banks in London.

One obvious effect has been the introduction of new principles into banking practice. Such are the allowing of interest on deposits, and by some banks on a certain portion of the balance of a current account—the opening of commission accounts—and the establishment of branches of the same bank in different parts of London. And the extent to which these new principles have been adopted

shows that they are suitable to the wants and the desires of a large portion of the community.

Another effect is, a great increase in the number of persons who keep an account with a bank.

The Committee of the Bank Acts state in their Report: "The Joint-Stock Banks of London, now nine in number, have increased their deposits from 8,850,774*l.* in 1847, to 43,100,724*l.* in 1857, as shown in their published accounts. The evidence given to your Committee leads to the inference that of this vast amount a large part has been derived from sources not heretofore made available for this purpose, and that the practice of opening accounts and depositing money with bankers has extended to numerous classes who did not formerly employ their capital in that way."

Another effect is, that it has led to a more general acquaintance with the sound principles of banking. When Joint-Stock Banks existed only in Scotland, and even when they were permitted in England beyond sixty-five miles from London, they attracted but little notice in London. But as the Joint-Stock Banks increased, the London public became more interested, both as depositors and as shareholders. The writers for the daily press found it necessary to instruct themselves in the general principles of banking, in order that they might be able to instruct the public. The annual reports provided matter for practical comment, and for the enunciation of correct principles.

Another effect has been, an improvement in the management in the Private Banks.

If the number of banks that stop payment is any index of the degree of good management that may exist within any period of time, then it may safely be affirmed that the London Private Banks have been better managed, during the twenty years that elapsed after the introduction of Joint-Stock Banks, than they were during the preceding twenty years. In the preceding period, sixteen banks who were members of the clearing-house ceased to exist. In the latter period, only six clearing banks have ceased, and of these only two stopped payment, the remaining four having either wound up or merged in other

establishments. Of the non-clearing banks the chief failures within the last twenty years have been Messrs. Hammersly & Co., Messrs. Wright & Co., and Messrs. Strahan & Co.; and of these the first two were in a state of insolvency long before Joint-Stock Banks were established in London.

Another effect is the increase of the bankers' deposits in the Bank of England.

The Committee on the Bank Acts state that, "The deposits of the London bankers, which in ordinary times average about 3,000,000*l.*, continued to rise during the commercial pressure, and amounted, on the 12th November (1857),\* to 5,458,000*l.*;" and we find by this return that the deposits were in December no less than 6,300,000*l.* But when the Act of 1844 was suspended in 1847, the bankers' deposits were only 1,615,000*l.* We have no separate accounts of the deposits in the Bank of England made by the London private bankers and the Joint-Stock Banks. But we think we may fairly infer that the increase in the mean time of the Joint-Stock Banks, and their admission to the clearing-house, were the main causes of this large increase in the deposits of the London banks with the Bank of England.

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## SECTION VIII.

### THE COUNTRY PRIVATE BANKS.

THESE banks cannot have more than six partners. They are banks of deposit, of loan, and of discount. As banks of deposit, they usually allow interest on both deposits and balances of current accounts, and charge a commission on the amount of the transactions. In commercial or manufacturing districts their advances are usually made by way of discount; in agricultural districts, frequently by loans. They remit money by issuing bills or letters of credit on London, or they direct their agents to make payments to bankers or other parties resident in London. As banks of

\* The day of the second suspension of the Act of 1844.

circulation, they have at various times occupied a large portion of public attention, and have been the subject of much legislation.

Those bankers who issue notes must take out a licence, which costs 30*l.* and must be renewed every year. They may re-issue any notes not above the value of 100*l.* as often as they think proper. And should any of the firm die or remove from the business, the notes may be issued by the remaining partners. But they cannot be re-issued by a new firm, which does not include any member belonging to the firm by whom the notes were first issued.

If the half of a note be lost or stolen, a banker cannot be compelled to give a new note in exchange for the remaining half. But if it can be proved that one-half of a note is burnt, or otherwise destroyed, then the holder may perhaps recover the note from the banker. In such cases, the bankers always pay the value of the note on receiving a respectable indemnity.

Bankers may be compelled to pay whole notes that have been lost or stolen, provided the holder has given actual value for them.

Country banks are allowed to compound for the stamp duties on their notes, at the rate of seven shillings per cent. per annum upon the amount in circulation, and to include, on the same terms, their bills drawn on London at twenty-one days after date. But whether a country banker compounds for the stamp duties or not, he must make a return to the Government of the amount of his notes in circulation every Saturday night. These returns are afterwards published in the *London Gazette*.

The following are the enactments respecting country bankers in the Act 7 & 8 Vict. c. 32, passed in 1844 :—

1. That no new bank of issue be established in the United Kingdom.
2. That the *maximum* of each bank of issue in England shall be the *average* of the notes in circulation during the four weeks ending the 27th of April, 1844.
3. That if any bank having not more than six partners should exceed that number, it would lose its issue. This tends to prevent private banks of issue becoming joint-stock banks.

4. That no union can take place between a joint-stock bank and a private bank, or between two joint-stock banks of issue, without one of them at least losing its circulation.

5. Every new branch at which notes shall be issued must take out a separate licence. Hitherto no bank had been obliged to take out more than four licences, however numerous its branches. This tends to check the opening of new branches of issue.

It has been stated that the object of this Act was to pave the way for the establishment of one bank of issue. These provisions are certainly not ill-adapted for such an end. They will reduce the amount of the country circulation. They will produce other ill effects. The formation of large banks will be retarded. In some places it would be for the public advantage that a private bank should become a joint-stock bank. In other districts, it might be desirable that two small joint-stock banks of issue should unite and form a large one. The restrictions imposed by this Act will tend to prevent such unions. Perhaps in other respects its effects may be beneficial. It may lead a larger number of persons to keep current accounts with bankers, and to make their payments with cheques. A smaller amount of notes will then be necessary for the purposes of the country. The advantages of having a banker will be extended to the middle and lower classes, and will not as much as heretofore be confined to the wealthy. The Act, too, may have the effect of exempting the banks of issue from those accusations to which they have always been subjected on the occurrence of any season of general speculation.

The whole Act of 1844 is formed upon the notion that the country bankers can extend their issues as much as they please—"a vulgar error," that has over and over again been abundantly refuted. And this Act appears to have been the less necessary, as during the previous five years there had been a gradual reduction in the annual amount of the country circulation, as appears from the following table, which shows the average amount in each year, from 1839 to 1843, both inclusive :—

1839 . . . . .	£11,715,527
1840 . . . . .	10,457,057
1841 . . . . .	9,671,643
1842 . . . . .	8,249,052
1843 . . . . .	7,667,916

This extensive reduction in the country circulation was attributed to the following causes :—First, The great dulness of trade in every part of the country. Secondly, The fall in the price of corn in connexion with bad harvests. Thirdly, The introduction of the penny postage, and the system of registered letters. The uniform penny post was commenced on the 10th of January, 1840, and the registry of letters on the 6th of January, 1841. In consequence of these arrangements every banker sends off every night, either to London or elsewhere, for payment, all the notes of other banks he may have received during the day, excepting those issued in the same town. This must have occasioned a large reduction in the amount returned as notes in circulation. The amount in the hands of the public is the same, but the amount in the hands of other bankers is considerably reduced. Fourthly, The practice of keeping banking accounts has extended very much of late years. Instead of carrying notes in their pockets as formerly, people now lodge their notes with their banker, and make their payments by giving cheques on the bank. The facilities of travelling by railways and other means have also tended to diminish the amount of notes in circulation, and to cause them to be returned more rapidly for payment to the bankers. Fifthly, The circulation of the private bankers had been reduced by failures, and by merges into joint-stock banks; and on the other hand, several joint-stock banks had withdrawn their own notes, and made arrangements for issuing the notes of the Bank of England.

The total number of private banking firms at present in the country is 243, of which 153 are banks of issue. The following is the state of the fixed issues of the banks in the United Kingdom, as they stood on the 8th November, 1859 :—

## STATE OF THE FIXED COUNTRY ISSUES IN NOVEMBER, 1859.

Original fixed issue of 203 Private Banks (England and Wales) by the Act of 1844 .....	£5,153,407
Deduct 51 Private Banks since ceased to issue .....	748,472
Present amount of fixed issue of 153 Private Banks (at Nov. 1859).....	£4,404,935
Original fixed issue of 72 Joint-Stock Banks by same Act £3,495,446	
Deduct 9 Joint-Stock Banks, since ceased to issue.....	192,089
Present amount of fixed issue of 63 Joint-Stock Banks (at Nov. 1859).....	3,303,357
Fixed issue of Private and Joint-Stock Banks (at Nov. 1859)...	£7,708,292

The Non-Issuing Country Private Banks have the following Branches :—

				TOTAL BRANCHES.
68 Banks have no Branches .....				
8 Do. 1 Do. ....				8
8 Do. 2 Do. ....				16
2 Do. 3 Do. ....				6
1 Do. 4 Do. ....				4
2 Do. 5 Do. ....				10
1 Do. 6 Do. ....				6
Total... 90				Total..... 50

The Private Issuing Country Banks have the following Branches :—

				TOTAL BRANCHES.
83 Banks have no Branches .....				
27 Do. 1 Do. ....				27
17 Do. 2 Do. ....				34
11 Do. 3 Do. ....				33
4 Do. 4 Do. ....				16
3 Do. 5 Do. ....				15
1 Do. 6 Do. ....				6
1 Do. 7 Do. ....				7
3 Do. 8 Do. ....				24
2 Do. 10 Do. ....				20
1 Do. 21 Do. ....				21
Total 153				Total ..... 203

## SUMMARY.

	BANKS.	BRANCHES.
Private Banks in London.....	54	—
Non-Issuing Country Private Banks .....	90	50
Issuing Country Private Banks.....	153	203
Total Private Banks and Branches in England...	297	253

No alteration has taken place in Irish Banks' fixed

issues, since the Act of 1844. The following is, therefore, the exact present state of the fixed issues :—

## SUMMARY.

1. Fixed issue of the Bank of England .....	£14,475,000
2. Fixed issue of 153 Private Banks in England and Wales.....	4,404,935*
3. Fixed issue of 63 Joint-Stock Banks in England and Wales ...	3,303,357
4. Fixed issue of 14 Banks in Scotland.....	2,749,271
5. Fixed issue of Banks in Ireland .....	6,354,494

Total fixed issue of Banks in the United Kingdom on the 8th November, 1859.....	£31,287,057†
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Should any English private or joint-stock bank, upon an average of four weeks, exceed the amount of its authorized issue, it would be liable to a penalty equal to the amount of the excess. The Bank of England, and the Banks of Scotland and of Ireland, are permitted to exceed their authorized issue, provided they hold in their vaults an equal amount of gold and silver, the silver not to be more than one-fourth the amount of the gold.

Letters were laid before the Bank Acts Committee of 1857 from several private and joint-stock banks of issue, asking for an extension of the averages, and for permission to issue notes against equal amounts of gold and silver, in the same way as the banks of Scotland and Ireland.

“We beg to call your attention to clauses 13, 17, 18, and 19, which provide that the averages of our circulations, taken for each succeeding period of four weeks, shall not exceed certain fixed limits.

“We beg respectfully to represent that, in consequence of the shortness of the time permitted us by these clauses for taking the averages, we are unable to avail ourselves of our circulations to the full extent granted us by law, by amounts varying from 5 to 10 per cent. of our circulations, according to circumstances.

“At certain seasons of the year there are temporary demands for increased local circulation, arising from fairs and other causes. We cannot at these times extend our circulations, for fear of being unable to contract them, so as to reduce the average within the limit in the short time allowed for that purpose, and are therefore compelled to substitute gold and Bank of England notes, to the no small annoyance of our customers, gold being an inconvenient medium of exchange for large amounts, and Bank of

\* Of the 153 Issuing Private Banks, 44 banks, having an authorised issue of 1,217,803*l.*, are within the circle of 65 miles from London.

† Banking Almanac for 1860.



England notes not being freely taken in country districts. When this temporary demand ceases, a further effect of this unnatural restriction is felt by us: our circulations contract, and we are unable to restore them to their natural limit until another period of activity commences.

"We beg respectfully to represent that, if the time permitted us for taking the averages of our circulations were extended from one month to six months, and the year divided into two periods of six months each, we should then be able to avail ourselves of our circulations to very nearly the full extent permitted us by law, and to facilitate the transaction of business to our customers and the public generally. We believe that bankers throughout the country would look upon this change with great satisfaction; and as it would not in any way infringe upon the principle of the Act of Parliament above referred to, we beg respectfully to suggest that this change should be embodied in the Bill to be brought before the House of Commons during the present session.

"We would further respectfully represent that, by the Scotch and Irish Banking Acts of 1845, 8 and 9 Vict. c. 37 and 38, which are complements to the English Act of 1844, the Scotch and Irish banks are allowed to issue, beyond their fixed limits, a sum equal to the amount of gold and silver held by them respectively, in accordance with the principle which regulates the issue department of the Bank of England.

"We therefore respectfully suggest that we should be put upon the same footing as the Scotch and Irish banks in this respect, and thus be enabled to meet with greater regularity and certainty the legitimate business wants of our respective districts than we are able to do at present, and to obviate the difficulties and inconveniences under which we at present labour. As this would be in entire accordance with the principles of the legislative measures of 1844 and 1845, we trust that Parliament will see no difficulty in granting the concession."

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## SECTION IX.

### THE COUNTRY JOINT-STOCK BANKS.

By a clause in the charter of the Bank of England, no partnership formed for carrying on the business of banking could consist of more than six persons; but by an Act passed in the year 1826, co-partnerships of more

than six in number are permitted to carry on business as bankers in England, *sixty-five miles from London*, provided they have no house of business or establishment as bankers in London, and that every member of such co-partnership shall be responsible for all the debts of the company. They must also deliver to the Stamp-office the names and places of abode of all their members, and also a list of their officers. These lists are to be copied into a book, which any person is entitled to see on paying one shilling, and to obtain a copy of for ten shillings. The banks may sue and be sued in the name of their public officer, and execution upon judgment may be issued against any member of the co-partnership.

The following are the provisions of the Act 7 & 8 Vict. c. 113, passed in 1844, to regulate Joint-Stock Banks in England :—

*No Joint-Stock Bank established after 6th May last to carry on business unless by virtue of Letters Patent granted according to this Act; but Companies previously established not restrained from carrying on business until Letters Patent have been granted.*

“Whereas the laws in force for the regulation of co-partnerships of bankers in England need to be amended: be it enacted by the Queen’s most excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, That it shall not be lawful for any company of more than six persons to carry on the trade or business of bankers in England, after the passing of this Act, under any agreement or covenant of co-partnership made or entered into on or after the sixth day of May last passed, unless by virtue of letters patent to be granted by her Majesty according to the provisions of this Act; but nothing herein contained shall be construed to restrain any such company established before the said sixth day of May, for the purpose of carrying on the said trade or business of bankers in England, from continuing to carry on the same trade and business as legally as they might have done before the passing of this Act, until letters patent shall have been granted to them severally on their application, as hereinafter provided, to be made subject to the provisions of this Act.”

*Company to Petition for Charter.*

“II. And be it enacted, That before beginning to exercise the said trade or business every such company shall present a petition

to her Majesty in council, praying that her Majesty will be graciously pleased to grant to them letters patent under this Act ; and every such petition shall be signed by seven at least of the said company, and shall set forth the following particulars ; (that is to say,)—

“First, The names and additions of all the partners of the company, and the name of the street, square, or other place, where each of the said partners reside.

“Second, The proposed name of the bank.

“Third, The name of the street, square, or other local description of the place or places where the business of the bank is to be carried on.

“Fourth, The proposed amount of the capital stock, not being in any case less than one hundred thousand pounds, and the means by which it is to be raised.

“Fifth, The amount of capital stock then paid up, and where and how invested.

“Sixth, The proposed number of shares in the business.

“Seventh, The amount of each share, not being less than one hundred pounds each.”

*Charter to be granted on Report of Board of Trade.*

“III. And be it enacted, That every such petition shall be referred by her Majesty to the Committee of Privy Council for Trade and Plantations ; and so soon as the Lords of the said committee shall have reported to her Majesty that the provisions of this Act have been complied with on the part of the said company, it shall thereupon be lawful for her Majesty, if her Majesty shall so think fit, with the advice of her Privy Council, to grant the said letters patent.”

*Deed of Settlement.*

“IV. And be it enacted, That the deed of partnership of every such banking company shall be prepared according to a form to be approved by the Lords of the said committee, and shall, in addition to any other provisions which may be contained therein, contain specific provisions for the following purposes ; (that is to say,)—

“First, For holding ordinary general meetings of the company once at least in every year, at an appointed time and place.

“Second, For holding extraordinary general meetings of the company, upon the requisition of nine shareholders or more, having in the whole at least twenty-one shares in the partnership business.

“Third, For the management of the affairs of the company, and the election and qualification of the directors.

"Fourth, For the retirement of at least one-fourth of the directors yearly, and *for preventing the re-election of the retiring directors for at least twelve calendar months.\**

"Fifth, For preventing the company from purchasing any shares, or making advances of money, or securities for money, to any person on the security of a share or shares in the partnership business.

"Sixth, For the publication of the assets and liabilities of the company once at least in every calendar month.

"Seventh, For the yearly audit of the accounts of the company, by two or more auditors, chosen at a general meeting of the shareholders, and not being directors at the time

"Eighth, For the yearly communication of the auditors' report, and of a balance sheet, and profit and loss account, to every shareholder.

"Ninth, For the appointment of a Manager, or other officer to perform the duties of manager.

"And such deed, executed by the holders of at least one-half of the shares in the said business, on which not less than ten pounds on each such share of one hundred pounds, and in proportion for every share of larger amount, shall have been then paid up, shall be annexed to the petition; and the provisions of such deed, with such others as to her Majesty shall seem fit, shall be set forth in the letters patent."

*No Company to commence Business till Deed executed, and all the Shares subscribed for, and at least half the Amount paid up.*

"V. Provided always, and be it enacted, That it shall not be lawful for any such company to commence business until all the shares shall have been subscribed for, and until the deed of partnership shall have been executed, personally, or by some person duly authorized by warrant of attorney to execute the same on behalf of such holder or holders, by the holders of all the shares in the said business, and until a sum of not less than one-half of the amount of each share shall have been paid up in respect of each such share; and it shall not be lawful for the company to repay any part of the sum so paid up without leave of the Lords of the said committee."

*Company to be Incorporated.*

"VI. And be it enacted, That it shall be lawful for her Majesty in and by such letters patent, to grant that the persons by whom the said deed of partnership shall have been executed, and all other persons who shall thereafter become shareholders in the said banking business, their executors, administrators, successors, and

\* By the Act 19 and 20 Vic. cap. 100 this clause was repealed.

assigns respectively, shall be one body politic and corporate, by such name as shall be given to them in and by the said letters patent, for the purpose of carrying on the said banking business, and by that name shall have perpetual succession and a common seal, and shall have power to purchase and hold lands of such annual value as shall be expressed in such letters patent; and such letters patent shall be granted for a term of years, not exceeding twenty years, and may be made subject to such other provisions and stipulations as to her Majesty may seem fit."

*Incorporation not to limit the Liability of the Shareholders.*

"VII. Provided always, and be it enacted, That notwithstanding such incorporation the several shareholders for the time being in the said banking business, and those who shall have been shareholders therein, and their several executors, administrators, successors, and assigns, shall be and continue liable for all the dealings, covenants, and undertakings of the said company, subject to the provisions hereinafter contained, as fully as if the said company were not incorporated."

By the 48th section of this Act, "Every company of more than six persons carrying on the trade or business of bankers in England, shall be deemed a trading company within the provisions of an Act passed in this session of Parliament, intituled 'An Act for facilitating the winding up the affairs of Joint-Stock Companies unable to meet their pecuniary engagements.'" This Act is the 7 and 8 Vict. cap. 111 (September 1844), and it renders all joint-stock companies subject to the law of bankruptcy.

In the year 1848 an Act was passed (11 and 12 Vict. cap. 45), to amend the Acts for facilitating the winding-up the affairs of joint-stock companies unable to meet their pecuniary engagements, and also to facilitate the dissolution and winding-up of joint-stock companies and other partnerships. The legal title of this Act, to distinguish it from other Acts, is, "The Joint-Stock Companies' Winding-up Act, 1848."

The object of this Act is to enable the directors of an insolvent company to compel the shareholders individually to pay their portion of the loss. There was previously much difficulty in doing this. If all the nominal capital had been called up, the directors could make no further calls. In cases where they had the power of making calls, these calls could not be enforced without an appeal

to the Court of Chancery. It was therefore customary for the directors to "confess judgment" to some creditor, and this creditor brought actions against the refractory shareholders for the whole amount of his claim, but granted a release on receiving that sum which the shareholders ought justly to pay, in proportion to their shares.

By this Act the directors or any shareholder of a company that has stopped payment, may present a petition to the Lord Chancellor, or to the Master of the Rolls, in a summary way, for the dissolution and winding-up of the company. If the order be granted, it is referred to a Master in Chancery, who will appoint an official manager to wind up the affairs of the company. The official manager is to collect all the debts due to the company, and to pay all its creditors. With the consent of the Master he can make calls on the shareholders for such amounts, and payable at such times, as the Master may direct. The company is to sue and be sued in the name of the official manager. The object of the Act, however, is rather to settle disputes and claims of the shareholders among themselves, than to protect them against their creditors. Several joint-stock banks have been wound up under the operation of this Act.

In the year 1858 an Act was passed (21 and 22 Vic. cap. 19) authorising the formation of banks with limited liability. The provisions of the Acts 20 and 21 Vict. cap. 49, and 21 and 22 Vict. cap. 91, with reference to Commercial Companies, were now applied to Banking Companies. Existing banks were also allowed to adopt the same principle, provided that two-thirds of their shareholders should, at a special meeting called for the purpose, resolve to do so. But before commencing business on limited liability the bank must give thirty days' notice of its intention to all its customers, to give them the option of continuing their accounts with the bank. It must then place the word "limited" on all its bills, cheques, or other documents, and on one of the door-posts of each of its establishments. A general statement of its assets and liabilities must be affixed on some public place in every office in which its business is conducted. And upon the application of one-third of its proprietors a Government

Inspector will be appointed to investigate its accounts. Its liability is then limited to the amount of its registered capital. But if the shareholders wish to limit their liability to the amount of the paid-up capital, they must reduce it to that amount before it be registered, as no reduction can take place afterwards.

The following is a Summary of all the Banks in England :—

Private Banks not issuing notes—		
In London .....	54	
In the Country .....	90	
	—	144
Country Private Banks issuing notes.....		153
Joint-Stock Banks carrying on business in London .....		10
Country Joint-Stock Banks not issuing notes .....		22
Country Joint-Stock Banks issuing notes.....		63
		—
	Number of Banks .....	392
BRANCHES—		
Branches in London of London Joint-Stock Banks .....		18
Do. in the Country of the London and County Bank.....		99
Do. of 90 Country Non-issuing Private Banks .....		50
Do. of 153 Country Issuing Private Banks .....		203
Do. of 22 Country Non-issuing Joint-Stock Banks.....		67
Do. of 63 Country Issuing Joint-Stock Banks .....		394
		—
	Total number of Banks and Branches...	1223
The Bank of England .....		1
Ditto Branch in London .....		1
Ditto Branches in the Country .....		11
		—
		13
		—
		1236
Colonial and other Joint-Stock Banks who have their chief office in London, but do not carry on business as London Banks . .		19
	Total Banking Establishments.....	1255

The following table shows the number of Partners in the country joint-stock banks :—

THEIR PARTNERS.	Number of Country Joint-Stock Banks.	Total Partners.
Banks having fewer than 100 Partners .....	19	1157
Banks having 100 Partners and under 200 .....	35	5058
"    200    "    300 .....	22	5169
"    300    "    400 .....	2	752
"    400    "    500 .....	3	1400
"    500    "    1,000 .....	3	2168
"    1,000 and upwards .....	1	1114
Total .....	85	16,818

The Non-Issuing Country Joint-Stock Banks have the following Branches :—

				TOTAL BRANCHES.
11 Banks have no Branches .....				
4 Do. 1 Do. ....				4
2 Do. 2 Do. ....				4
1 Do. 3 Do. ....				3
1 Do. 7 Do. ....				7
1 Do. 8 Do. ....				8
1 Do. 12 Do. ....				12
1 Do. 29 Do. ....				29
<hr/>				<hr/>
Total... 22				Total..... 67
<hr/>				<hr/>

The Issuing Country Joint-Stock Banks have the following Branches :—

				TOTAL BRANCHES.
16 Banks have no Branches .....				
11 Do. 1 Do. ....				11
4 Do. 2 Do. ....				8
3 Do. 3 Do. ....				24
3 Do. 4 Do. ....				12
2 Do. 5 Do. ....				10
3 Do. 7 Do. ....				21
1 Do. 8 Do. ....				8
1 Do. 9 Do. ....				9
5 Do. 10 Do. ....				50
2 Do. 11 Do. ....				22
1 Do. 15 Do. ....				15
1 Do. 16 Do. ....				16
1 Do. 17 Do. ....				17
1 Do. 20 Do. ....				20
2 Do. 23 Do. ....				46
1 Do. 105 Do. ....				105
<hr/>				<hr/>
Total... 63				Total ..... 394
<hr/>				<hr/>

## SUMMARY.

	BANKS.	BRANCHES.
Joint-Stock Banks in London and their London Branches...	10	18
Country Branches of the London and County Bank .....	—	99
Country Non-issuing Joint-Stock Banks .....	22	67
Country Issuing Joint-Stock Banks .....	63	394
<hr/>		<hr/>
Total number of Joint-stock Banks and Branches in England .....	95	578
<hr/>		<hr/>

## SECTION X.

## THE BANKS OF SCOTLAND.

THE Act which now regulates the issue of bank-notes in Scotland is 8 and 9 Vict. c. 38, passed in the year 1845.

By this Act, the power of issuing notes is confined to



those banks that issued notes in the year preceding the 1st day of May, 1845. And the amount to which each bank may issue is not to exceed the average amount of notes it had in circulation during the year ending the 1st of May, 1845, and the amount of gold or silver coin it may at the time have in possession at the head office or principal place of issue, in the proportion that the silver shall not be more than one-fourth the amount of the gold.

This Act was to come into operation on the 6th day of December, 1845. After which day each banker is to make weekly returns to the Stamp-office of his notes in circulation, and of the gold and silver coin on hand; and the averages of four weeks are to be published in the *London Gazette*, with a certificate from the commissioner as to whether the bank has held the amount of coin required by this Act.

All banks, except the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company, are required to send to the Stamp-office, between the 1st and 15th days of January inclusive, the names of all their partners, which shall be published by the 1st day of March following in some newspaper circulating within each town or county respectively in which the head office or principal place of issue of such bank is situated.

Bank of England notes are not to be a legal tender in Scotland.

In the Acts of Parliament passed in 1844 and 1845 for Regulating Banks of Issue in England and in Scotland, we may observe the following differences:—

1. The *maximum* of the circulation in England is the average of the twelve weeks ending the 27th of April, 1844. The *maximum* in Scotland is the average of the year ending the 1st day of May, 1845.

2. The English banks are not, under any circumstances, allowed to exceed the fixed limit. The Scotch banks are allowed to exceed their limit, provided they hold in their coffers at the head office an amount of gold and silver equal to such excess.

3. In England, should two joint-stock banks of issue effect a junction, the circulation of one of them would be

forfeited,\* and the united bank could issue only to the amount which the other bank had previously issued. In Scotland, the united bank is allowed to issue to the amount of the two circulations added together.

4. In Scotland, notes under 5*l.* are still permitted. In England, notes under 5*l.* are still prohibited.

The differences between the English and the Scotch banks are the following :—

1. The Scotch banks are all joint-stock banks. In England there is a mixture of joint-stock and private banks.

2. The Scotch banks are all banks of issue. In England there are many, both private and joint-stock banks, that are not banks of issue.

3. The Scotch banks generally have branches. In England most of the private banks, and some of the joint-stock banks, have no branches.

4. The Scotch banks universally grant interest on the balance of current accounts—a practice not universally adopted in England, especially in London.

5. The mode of making advances by way of “cash credit” is general in Scotland, but very rare in England.†

We may also observe some other differences, chiefly of a business character, which have an important bearing on the interest of the community.

The banks of Scotland have generally a large paid-up capital.

“Two great errors appear to have been committed in the formation of joint-stock banks in England, and, until these are remedied, such establishments can hardly expect to reach a higher degree of importance or credit than is attainable by a wealthy private bank. These evils are, in the first place, too small a capital relatively to the extent of business undertaken; and, in the next place, the circumstance of the issues of the joint-stock banks being left uncontrolled by any effective system of

\* There is no express provision in the English Act with reference to the junction of two joint-stock banks. We consider that only one of the banks would lose its issue, *provided* the continuing bank retained its original title, so as not to create a new bank. But if by the union a new bank should be formed, then both the banks would lose their issues. In the same way we think that the union of an issuing and a non-issuing bank would cause no change in the issue. But then the new bank must retain the title of the old issuing bank. Its right of issue would not be affected by taking new directors or new shareholders.

† The system of cash credits is fully explained in my “Practical Treatise.”

*exchange.* The advantage of a small capital in banking is, that it enables the establishment, if at all successful in business, to pay a large dividend. The profits of banking depend, in a great measure, on the amount of deposits and circulation, and according as these are great or small compared with the extent of the capital, will the company be enabled to divide a larger or smaller dividend. It therefore becomes the obvious policy of those establishments, the managers of which conceive that the success of a bank is proved by the early payment of a high dividend, to keep the capital of the company within the narrowest possible limits. This system has been carried to the utmost extreme in England; and hence, although large dividends have been paid to the shareholders, there has been no corresponding increase of confidence on the part of the public. The Scotch banks, on the other hand, have pursued a directly opposite course. Their object has been to secure public confidence by the extent of their capital, and they have continued to pay moderate dividends to their shareholders, until justified in augmenting them by years of success, and a large accumulated sinking-fund."\*

In operating on his current account, it is not the general practice in Scotland for a customer to draw cheques on the bank for his individual payments, nor to accept bills payable at the bank. If he has to make twenty payments in the course of the day, he will go to the bank in the morning, and draw out in one sum a sufficient amount of notes to make all these payments. On the other hand, if a customer should receive money from twenty different people in the course of the day, he will not receive cheques, as there are none in circulation, but bank notes, which at the close of the day he will pay in one sum into the bank. In England, all these receipts and payments would be made in cheques, each having probably odd shillings and pence. From this cause, the trouble and expense to a bank of conducting a current account is much greater in England than in Scotland.

The system of numerous branches leads to uniformity all over Scotland in the terms on which business is transacted in the banks. From the small number of banks that existed for many years in Scotland, and from the circumstance that the head offices of most of these banks were fixed at Edinburgh, it was easy for them to form arrangements among themselves for the regulation of their business.

\* Letter to J. W. Gilbart, by Robert Bell.

Hence arose a uniformity of practice among all the banks, and throughout the whole of Scotland. This uniformity of practice does not exist in England. The system of London banking is different from that in the country. And the banking of one district differs from that of another district. It would be difficult to produce any general union in England, even among the joint-stock banks. There is a difference in the character of their localities. Their head offices are too wide apart to admit of frequent personal communication. And it may be feared that among the joint-stock banks of England there is not enough of that *esprit du corps* which is essential to the existence of a general confederation. There is, however, considerable competition among the banks of Scotland. This rivalry, however, does not lead to transacting business on lower terms. Indeed these terms are always very moderate. The difference between the rate of interest allowed and charged is rarely more than one per cent. No commission is charged on current accounts; and it is only recently, we believe, that commission has been charged on the amount (not the operations) of cash credits. Sometimes the banks at Glasgow, when there is a great demand for capital, have been disposed to grant a higher rate of interest than the banks of Edinburgh.

The system of numerous branches enables the banks of Scotland to transfer the surplus capital of the agricultural districts to the manufacturing and commercial districts, without going through the process of re-discounting their bills. Some Scotch writers have considered it a reproach to the English banks that they re-discount their bills, and have boasted that, with rare exceptions, the practice of re-discount is unknown in Scotland. The accusation is made without due consideration. The system of branches makes a difference in all banking arrangements. A bank in an agricultural district, say at Norwich, has a superabundance of money. A manufacturing town, say Manchester, has a demand for money. The bank at Norwich will send its money to a bill-broker in London. The bank at Manchester will send its bills to the same broker. A re-discount takes place. But let us suppose that the bill-brokering establishment should become the head office of

a large bank, having one branch at Norwich, and another at Manchester. Then no re-discount will occur. The bills discounted at Manchester will never pass out of the possession of the bank. Nevertheless, the surplus funds at Norwich will be transferred to meet the wants of Manchester as effectually as before. This is an illustration of the branch system in Scotland. A bank at Edinburgh will have branches in both the agricultural and the manufacturing districts. Or a bank whose head office is in a manufacturing town, will have branches in the agricultural districts. Thus the surplus funds of Perth, Ayr, and Dumfries, are speedily transferred to be employed at Glasgow, Paisley, and Dundee. Were a bank to be established at Glasgow without branches, it would probably have occasion for discount at certain times, as well as the banks at Manchester or Leeds.

The Scotch bankers are loud in their praises of the system of exchanges. And justly so. But they are in error when they suppose that nothing like it exists in England. We have shown that the country banks make their exchanges with each other, and pay the difference by a draft on London. These operations have the same effect as the exchanges in Scotland of withdrawing from circulation all the superfluous notes; that is to say, all the notes that come into the hands of the bankers. If it be true that notes remain out longer in circulation in England than in Scotland, it arises not from any difference in the system of exchanges, but from a difference in the habits of the people with regard to "keeping a banker." If a Scotch banker issue 1,000*l.* of notes in the morning, he feels assured that these notes will be paid into some other bank in the course of the day. An English banker is not so sure. The party may not "keep a banker," and he may then lock up the notes in a strong box for a week or ten days, until he have occasion to make a payment. We think it desirable that every man who has money should lodge it in a bank, not merely for interest, but for security; and therefore we approve of the Scotch practice. But it is this universal practice of having a banker, and not merely the system of exchanges, that withdraws notes so rapidly from circulation.

At the same time it should be stated, that the Scotch bankers are of opinion that our system of banking in England is chargeable with some portion of the blame. They say that as the English banks do not universally allow interest on deposits and current accounts, the people have not the same inducement as in Scotland for placing their money in a bank. And as many banks charge commission on the operations of a current account, it is the interest even of those who keep bankers to pay away the notes they receive to other parties, rather than to lodge them to their credit with their banker.

Even were the keeping of a banker as general in England as in Scotland, the same system of exchanges could not be adopted. The Scotch system requires an equality, or an approach to it, among the several banks—that the head offices of these banks, generally, should be in the capital, and that the banks should have numerous branches throughout the country. These circumstances do not exist in England. And, moreover, we have the Bank of England, whose notes are a legal tender. It is obvious there can be no exchange of notes in places where, as in London, there is only one bank of issue. But the exchanges between English country banks are precisely upon the same principle as those in Scotland, and have similar effects. The differences are paid by drafts on London, payable on demand; and these drafts again pass through the clearing.

Another advantage ascribed to the Scotch system of exchanges is, the surveillance which, by this means, the large banks at Edinburgh are able to exercise over the smaller banks in the provinces. That this surveillance exists in Scotland, and that it has been exercised beneficially, we entertain no doubt. It is equally true that such a surveillance does not exist in England. But the system of exchanges is not the cause of this surveillance, it is merely the instrument. In Scotland, the banks being few, and all their head offices being at Edinburgh, they are able to confer together, and to fix on rules for their general government. With any inferior bank that refuses to comply with these rules, they can refuse to exchange notes, and thus force it to compliance. In England, where

the banks are numerous, and where their head offices are distant from each other, such a system cannot well be formed; and hence each bank is free from the control of other banks, and may pursue any course it pleases, however injurious to itself or to others, so long as it is able to make good its payments to the public. The banks at Edinburgh, too, by means of their numerous branches, have the earliest information of any irregular practice that may have been adopted by a local bank in the provinces;—but the large banks in London have comparatively but a very imperfect knowledge of the operations of either the private or the joint-stock banks that are scattered over the country.

The following table, from the Edinburgh Almanack, exhibits the capital and other particulars of the Banks of Issue in Scotland, with the price of their shares, as publicly quoted in the fourth week of December, 1859:—

<i>Instituted.</i>	<i>NAME.</i>	<i>Partners.</i>	<i>Branches.</i>	<i>Paid-up Capital.</i>	<i>Dividend.</i>		<i>Share paid.</i>	<i>Price.</i>
					<i>Rate.</i>	<i>Payable.</i>		
				£			£	s. d.
1695	Bank of Scotland .....	42		1,000,000	8	April & Oct.	100	192 0 0†
1727	*Royal Bank.....	63		2,000,000	6½	Jan. & July.	100	145 5 0†
1746	*British Linen Company.	49		1,000,000	9	June & Dec.	100	210 10 0†
1810	*Commercial Bank.....	673	67	800,000	10	Jan. & July.	100	222 0 0
1825	*National Bk. of Scotland	1,393	58	1,000,000	8	Jan. & July.	100	185 0 0
1830	Union Bank of Scotland	1,095	95	1,000,000	9	June & Dec.	50	88 0 0
1825	Aberd. Town & Cty. Bk.	484	28	131,100	9	March & Sept.	5	7 18 0
1836	North of Scot. Bank. Co.	1,352	33	200,000	10	May & Nov.	2½	5 12 0
1763	Dundee Banking Com....	80	4	60,000	10	March.	60	107 0 0
1838	Eastern Bk. of Scotland.	360	5	114,020	6	May & Nov.	10	10 5 0
1838	*Clydesdale Banking Co.	1,270	46	807,380	7	Feb. & Aug.	100	130 0 0
1839	City of Glasgow Bank ...	1,300	94	670,900	3	Feb. & Aug.	9	7 7 6
1838	Caledonian Banking Co.	755	11	125,000	8	August.	2½	3 12 0
1834	Central Bk. of Scotland.	420	9	78,125	3½	September.	31½	55 0 0

\* The capital of the banks marked with an asterisk is not in shares, but in stock, transferable to any amount.

† Ex dividend.

‡ Per share.

The following table, from the Edinburgh Almanack, shows the amount of bank-notes authorized by law to be issued by the several banks of issue in Scotland, and the average amount of bank-notes in circulation, and of coin held during fourteen periods of four weeks, from November 21st, 1857, to October 23d, 1858, and from November 20th, 1858, to November 19th, 1859, as published in the *Gazette* :—

NAMES OF BANKS.	Authorized Circulation.	Average Circulation, 1857-1858.	Coin, 1857-1858.	Average Circulation, 1858-1859.	Coin, 1858-1859.
	£	£	£	£	£
Bank of Scotland .....	300,485	447,893	276,289	448,075	295,505
Royal Bank.....	183,300	394,390	318,116	461,433	377,055
British Linen Company.	438,024	493,182	307,265	509,036	348,397
Comm. Bk. of Scotland	374,880	488,351	255,974	523,514	304,129
Natl. Bank of Scotland	297,024	396,790	210,344	430,307	244,427
Union Bank of Scotland	454,346	537,645	207,353	606,801	263,530
Edin. & Glasgow Bank*	136,657	138,233	40,246		
Aber. Town & County Bk.	70,133	122,034	67,708	132,653	81,113
N. of Scot. Banking Co.	154,319	188,389	71,712	202,643	83,780
Dundee Banking Co.....	33,451	41,539	34,360	44,402	28,418
Eastn. Bank of Scotland	33,636	86,060	22,387	36,465	20,513
Westn. Bk. of Scotland †	837,938	123,229	27,226		
Clydesdale Banking Co. ‡	104,028	243,040	147,652	323,437	158,200
City of Glasgow Bank ...	72,921	217,149	193,565	271,280	239,179
Caledonian Banking Co.	53,434	67,973	35,251	64,982	31,009
Central Bk. of Scotland	42,933	55,174	30,258	58,291	27,644
Total .....	3,087,209	3,991,071	2,245,706	4,113,319	2,502,899

It will be seen from the above table that there are now only fourteen banks in Scotland. The head offices of

\* Average of eight periods only in 1857-58, after which it became incorporated (5th June) with the Clydesdale Banking Company.

† Average of eleven periods only in 1857-58, after which it ceased (28th Aug.) to circulate notes.

‡ The authorized circulation of the Clydesdale Bank, since the Edinburgh and Glasgow Bank was incorporated with it, has been £240,685.



these banks are located in six places. The Bank of Scotland, the Royal Bank, the British Linen Company, the Commercial Bank, and the National Bank, have their head offices in Edinburgh. The Union Bank of Scotland, the Clydesdale Bank, and the City of Glasgow Bank, have their head offices in Glasgow. The Aberdeen Town and County Bank, and the North of Scotland Bank, are in Aberdeen. The Dundee Banking Company, and the Eastern Bank of Scotland, are at Dundee. The Caledonian Bank is at Inverness. The Central Bank of Scotland has its head offices in Perth. It will be seen from the above table that these banks have among them six hundred and four branches.

In the year 1857 Sir G. C. Lewis, then Chancellor of the Exchequer, wrote to the Scotch bankers, inquiring what changes they would recommend in the existing laws, and their replies were laid before the Bank Acts Committee of the House of Commons. These replies contain various suggestions made by different banks for the modification of the existing law. Among these suggestions are : That the total authorized amount of notes issued by all the banks shall be increased so as to correspond with the present trade and wealth of Scotland ; that the proportion issued by the respective banks shall be altered and regulated by the present amount of their business transactions, and more in accordance with their paid-up capitals ; that the period for taking the averages shall be extended to eight weeks, so as to meet the extraordinary payments made at certain seasons of the year ; that the banks shall be permitted to hold Government securities against a portion of their issue beyond the certified amount, and that the gold and silver held at the branches shall be taken into account, as well as the amount kept at the head office. Some of the banks recommend that no alteration shall be made in the law which prohibits the formation of new banks of issue, while others desire that all restrictions be removed, and banking in Scotland be placed in the same condition that it was previously to the year 1845.

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## SECTION XI.

## THE BANKS OF IRELAND.

THE last Act of Parliament for regulating banks in Ireland is the 8 & 9 Vict. cap. 37, passed in the year 1845.

This Act recites that by the Act 21 and 22 Geo. III. an Act was passed for establishing a bank by the name of the Governor and Company of the Bank of Ireland; and which prohibited any other company, consisting of more than six persons, to issue notes payable on demand or within any time less than six months. That by the Act 1 & 2 Geo. IV. cap. 72, other companies consisting of more than six partners might issue notes payable on demand, at a greater distance than fifty miles (Irish) from London. And that by 6 Geo. IV. cap. 42, and 1 Wm. IV. cap. 32, such co-partnerships of bankers might transact certain matters of business by agents in Dublin, including the payment though not the issue of notes.

The Act further recites that the bank of Ireland had at various times advanced for the public service, the several sums of 600,000*l.*, 500,000*l.* and 1,250,000*l.* late Irish currency; and that by the 48 Geo. III. cap. 103, the charter of the Bank of Ireland was extended to the first day of January, 1837—upon twelve months' notice, to be published in the *Dublin Gazette*, and after the repayment of the above-mentioned sums. And that by the Act 1 & 2 Geo. IV. cap. 72, the Bank of Ireland had agreed to advance a further sum of 500,000*l.*, and the bank was empowered to enlarge their capital to 3,000,000*l.*; making the total advances 2,850,000*l.* late Irish currency, equal to 2,630,769*l.* 4*s.* 8*d.* sterling money of the United Kingdom of Great Britain and Ireland; on which, by the Act 3 & 4 Vict. c. 75, the bank received an annuity from the Government of 115,384*l.* 12*s.* 4*d.* sterling, payable on the 5th of January and 5th of July in each year, redeemable upon six months' notice, to be given after January 1st, 1841, and after payment of the above-mentioned sums.

The act further recites, that the above annuity of 115,384*l.* 12*s.* 4*d.* has, with the consent of the said governor and company, been reduced to 92,076*l.* 18*s.* 5*d.*,

being at the rate of  $3\frac{1}{2}$  per cent. per annum on the capital sum of 2,630,769*l.* 4*s.* 8*d.*, which capital sum shall not be repaid until the expiration of six months' notice, to be given after January 1st, 1855; and that, during such term, the said governor and company shall manage the public debt free of all charge. The company is to continue a corporation, for the purpose of carrying on the business of banking, but not to have any exclusive privileges. The charter to continue until the expiration of twelve months' notice, to be given and published in the *Dublin Gazette*, after January 1st, 1855, and upon repayment of the sums due from the Government to the bank.

The Act removes, from the 6th day of December, 1845, all restrictions upon banks having more than six partners issuing notes and carrying on business in Dublin, and within fifty miles thereof. But no bank shall issue any larger amount of notes than the average amount it had in circulation during the year ending the 1st day of May, 1845 (which amount shall be certified by the Commissioners of Stamps), and the amount of gold and silver coin he may have in his hands, in the proportion of not more than one-fourth of silver to that of gold.

In case two banks should unite, the new bank to have the power of issue to the amount of both the united banks. Any bank may arrange with the Bank of Ireland to give up its issue; and in that case the Bank of Ireland may increase its issue to that amount. But the bank that thus contracts shall not afterwards resume its issue. All notes for a fractional part of a pound are prohibited. Each bank issuing notes is required to send to the Stamp-office weekly returns, stating the amount of notes in circulation on each Saturday, distinguishing those below 5*l.*; and also the amount of gold and silver coin held at each of the head offices or principal places of issue in Ireland. And from these returns the Commissioners of Stamps and Taxes shall make a monthly return, which shall be published in the *Dublin Gazette*. This monthly average must not exceed the amount certified by the commissioners and the amount of gold and silver on hand.

All banks are required to send a list of their shareholders to the Stamp-office, every year, between the 1st

## THE BANKS OF IRELAND.

and the 15th of January, to be published in the *Gazette* before the 1st day of the succeeding month, whether they issue notes or not, and to be sued in the name of their public officers.

Upon the Act of 1845, for the Regulation of the Banks of Ireland, we may observe:—

1. The authorized issue is, like that of Scotland, the average amount of the year ending on the 1st day of May, 1845.

2. If any two banks unite, the new limit shall be the amount of the circulation of both the united banks. Here the law is the same as that of Scotland, but different from that of England.

3. If any bank gives up its issue, and agrees to issue Bank of Ireland notes, the Bank of Ireland may increase her authorized issue to the full amount of the issue of the bank whose notes are withdrawn. In England, the Bank of England can, in a similar case, issue only to the extent of two-thirds of the issue of the bank whose notes are withdrawn. There is no similar provision in the Act referring to Scotland.

4. Another difference may be noticed between Ireland and Scotland. All the notes issued at the branch banks in Scotland are payable only at the head office of the bank that issued them. In Ireland all the notes are legally demandable in gold at the branches where they have been issued. Hence the banks of Ireland must keep some gold at every branch, while the banks in Scotland need not have any gold except at the head office. In both countries the banks must hold a stock of gold equal to the amount of notes in circulation beyond the authorized issue. And, according to the Act, this gold must be at the head office, or chief place of issue. The gold held at the branches, however necessary for business purposes, is not taken into account in the returns to the Stamp-office. The banks, indeed, return the whole amount of the gold in their possession; and it is this which is published in the newspapers. But the amount held against the excess of authorized issue must be held at the chief office, or other chief places of issue. In the Provincial Bank of Ireland, these places are Cork, Limerick, Dublin, and Belfast.

## THE ELEMENTS OF BANKING.

desirous of having in addition Waterford and

king institutions of Dublin are the Bank of which is a chartered bank, like the Bank of It is the Government bank. It issues notes, ranches in the principal towns throughout Ireland has no exclusive privileges.

Provincial Bank of Ireland and the National Bank. These are joint-stock banks that issue notes, and have numerous branches. These two banks are governed by boards of directors, who meet in London.

A few years ago the National Bank of Ireland changed its name to "The National Bank," and commenced business also as a London Bank. It has since been admitted into the clearing-house.

The Hibernian Bank and the Royal Bank of Ireland.—These are joint-stock banks that do not issue notes, but the Hibernian Bank has three branches.

The private banks of Messrs. La Touch & Co., Messrs. Ball & Co., and Messrs. Boyle, Low, Pim & Co.

There are three joint-stock banks at Belfast, all of which issue notes and have branches. They are the Northern Bank, the Belfast Bank, and the Ulster Bank.

The following is a table of all the joint-stock banks now existing in Ireland.

When instituted.	NAME.	Capital.	Paid up per Share.	Capital paid up.	Number of Partners.	No. of Br.	Reserved Fund.	Fixed issue.
		£		£			£	£
1783	Bank of Ireland.....	3,000,000	100	3,000,000		25	1,069,440	3,738,428
1824	Hibernian J. S. Bk. Dub.	1,000,000	25	250,000		3	81,297	—
1825	Provl. Bank of Ireland	2,000,000	25	*540,000	1,000	41	238,500	927,667
1825	Nrthrn. Bk. Co. Belfast.	500,000	30	150,000	224	12	60,147	243,440
1827	Belfast Banking Compy.	500,000	25	125,000	261	23	135,000	281,611
1835	National Bank.....	2,000,000	25	500,000	815	48	153,967	852,269
1836	Ulster Bnkg. Co. Belfast	750,000	2½	183,405	401	18	67,643	311,079
1836	Royal Bank, Dublin.....	1,045,875	10	209,175	640	—	90,000	—

\* This bank has also issued 40,000*l.* in shares of 10*l.* each, all paid up. This makes its paid-up capital 540,000*l.*

*A Summary of Banks in England, Scotland, and Ireland.*

		BANKS.	BRANCHES.
<i>Joint Stock Banks</i> in England, see page 87 .....		95	578
Ditto in Scotland, „ 94 .....		14	604
Ditto in Ireland, „ 100 .....		8	170
		<hr/>	<hr/>
<i>Private Banks</i> in England .....		117	1,352
Ditto in Scotland .....		297	253
Ditto in Ireland .....		3	
		<hr/>	<hr/>
Bank of England .....		418	1,605
		1	11
		<hr/>	<hr/>
Total Banks and Branches .....		419	1,616
		<hr/>	<hr/>

We will close this section by a consideration of the Laws of the Currency in England, Scotland and Ireland.

We will take the monthly returns\* of the circulation for the period that is past, that is, from the end of September, 1833, to the end of 1843, and endeavour, by observing their various revolutions, to discover if they are governed by any fixed causes or principles—to ascertain if those principles are uniform in their operation; and if we should discover that the revolutions of the currency are regulated by any uniform principles, we shall call those principles “the Laws of the Currency.”

We shall begin with that portion of the currency which consists of notes issued by the Bank of England. On looking over the monthly circulation of the Bank of England, given in the Table, No. 34, in the Appendix to the Report of 1840, we observe, that the circulation of the months in which the public dividends are paid is higher than in the subsequent months. Thus, the average circulation of January is higher than that of February or March. The circulation of April is higher than that of May or June. The circulation of July is higher than that of August or September. And the circulation of October is higher than that of November or December. This, then, we may consider as one law of the circulation of the Bank of England—that it ebbs and flows four times in the year, in consequence of the payment of the

\* These returns were laid before a select committee of the House of Commons on *Banks of Issue*. A summary of the evidence has been published under the title of “The Country Banks and the Currency,” by Mr. G. M. Bell, author of “The Philosophy of Joint-Stock Banking.”

quarterly dividends. This law does not apply to any other bank, as all the Government dividends are paid by the Bank of England.

On inspecting the monthly returns of the country circulation for the last ten years, we find that the highest amount is in the month of April: thence it descends, and arrives at the lowest point by the end of August, which is the lowest point in the year. It gradually increases to November; a slight reaction takes place in December; but it then advances until it reaches the highest point in April. The general law is, that the country circulation always makes one circuit in the year—being at its lowest point in August, and advancing to December, and continuing to advance to its highest point in the month of April, and then again descending to its lowest point in August.

In Scotland the lowest point of the circulation is in March, and the highest in November. The advance, however, between these two points is not uniform—for the highest of the intervening months is May, after which there is a slight reaction; but it increases again until November, and falls off in December. The reason of the great increase in May and November is, that these are the seasons of making payments. The interest due on mortgages is then settled, annuities are then paid, the country people usually take the interest on their deposit receipts, and the servants receive their wages. There are frequently large sums transferred by way of mortgage. It is the custom of Scotland to settle all transactions, large as well as small, by bank notes—not by cheques on bankers, as in London. It is remarkable that these monthly variations occur uniformly every year, while the amount of the circulation in the corresponding months of different years undergoes comparatively very little change.

From what we have already said of the Laws of the Currency, those of our readers who are acquainted with Ireland will be able to judge beforehand of the revolutions of her circulation. Being purely an agricultural country, the lowest points will of course be in August or September, immediately before the harvest, and the commencement of the cattle and bacon trade. Then it rises rapidly

till it reaches its highest point in January, and then gradually declines. As an agricultural country, we should naturally expect that during the season of increase the circulation would expand most in the rural districts; and so we find that the circulation of the Bank of Ireland in Dublin expands very moderately—that of her branches, which are located chiefly in large towns, expands more—while the circulation of the joint-stock banks, which are located in the agricultural districts, receives the largest increase. Again, the purchases and sales of agricultural produce are known to be in small amounts; and hence the notes of the smallest denomination receive the largest relative increase. The annual changes of the Irish circulation are governed chiefly by the produce of the harvest, and the prices of agricultural products. These are the laws of the circulation of Ireland.

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## SECTION XII.

### THE INTERNATIONAL STATISTICAL CONGRESS IN REGARD TO BANKS.

THE first meeting of the International Statistical Congress was held at Brussels in the year 1853; the second at Paris, in the year 1855; the third at Vienna, in the year 1857; and the fourth, in the present year (1860), in London, upon the invitation of our Government. The meetings commenced on Monday, the 16th of July, and terminated on the following Saturday. The Congress was opened by an address from the Prince Consort.

The Commissioners appointed by the Government divided the business of the Congress into six Sections and appointed the Members of each Section. These Sections were: 1. Judicial Statistics; 2. Sanitary Statistics; 3. Industrial Statistics; 4. Commercial Statistics; 5. The Census, and Military and Naval Statistics; 6. Statistical Methods. The Commissioners also appointed certain gentlemen to write programmes for each Section as the foundation of the deliberations of the Section, and each Section reported the result of its discussions to the General Meeting.



For the "Commercial Section" Mr. Newmarch wrote a Programme on Prices and Wages, and Mr. Crawford wrote one on Banks; Mr. Crawford's Programme was taken into consideration on Wednesday, the 18th July, and was then referred to a Sub-Committee. On Thursday this Report was referred to another Committee, whose report was on Friday adopted by the Section. The following are the minutes of that day's proceedings:—

"Mr. Gilbert laid before the Section a very valuable and interesting paper upon the Statistics of the English Banks.

"The Reverend J. E. T. Rogers read to the Section the following Resolutions, to which the Sub-Committee appointed yesterday to consider the Programme upon the Statistics of Banks had arrived at their Meeting this morning; which Resolutions were agreed to by the Section:—

"I. After long and careful consideration it was agreed that under the present circumstances, *i.e.* the largeness of the subject, the short space of time allowed to the details of so important a matter, the great variety of domestic as well as foreign institutions, and the difficulty of defining 'Credit and Discount Companies,' so as to exclude what was not the object of the Resolutions of the Vienna Congress, but which is a form of advance on securities, that it would not be possible to include 'Credit and Discount Companies' in the present scheme, but that it might be desirable to refer this part of the question to the next International Congress.

"II. That as a general rule, generally applicable in modern times and in Modern States, Banks may be divided into two classes as regards character and functions:—1. Banks which do not issue Notes; 2. Banks which do issue Notes;

"Into three classes as regards constitution and management: 1. Banks wholly under the control of the State; 2. Banks partly under the control of the State; 3. Banks wholly originated and managed by private enterprise; including joint-stock banks, managed by directors, and banks composed wholly of private persons, and managed by them;

"And into three classes as regards liability to their creditors: 1. Banks protected as regards solvency by a guarantee of the state; 2. Banks empowered by charter or special authorization of law to limit their liability in some specified manner; 3. Banks subject

in the fullest sense to the unlimited liability of each and every shareholder or partner therein ;

"And returns relating to any bank, should set forth to which of these classes the institution belongs.

- "III. That as regards the above-named classes of banks, it is desirable that, at least at four dates in each year, returns should be obtained, arranged as a general rule in a tabular form; the headings of the columns of which should be as follow :—

"*Capital employed.*—1. Capital subscribed, and denomination of shares or stocks ; 2. Capital paid up, or increased ; 3. Capital represented by shares held by the Company.

"*Shareholders.*—Number of shareholders or partners.

"*Liabilities.*—1. Funds held in the form of current accounts ; 2. Deposits payable on demand ; 3. Deposits not payable on demand ; (distinguishing Government from private accounts) ; 4. Notes in the hands of the public ; distinguishing the amount, if any, of authorized issue. 5. Acceptances outstanding. 6. Obligations otherwise incurred.

"*Assets.*—1. Lands and houses held by the Company. 2. Coin and bullion. 3. Government and public securities. 4. Bills under discount. 5. Advances on current and cash accounts 6. Document bills and advances on marketable goods. 7. Notes of other banks. 8. Bills overdue and under realization. 9. Securities held against acceptances outstanding. 10. Government paper money

"*Places of Business.*—Head office, and date of establishment. Branch offices, and when established.

"*Profit and Loss.*—Reserve fund, distinguishing fund for losses.

"*Dividend.*—Rate per cent. per annum of last dividend, and bonus declared and paid.

"*Rates of Interest and Discount.*—Statement of the rate of interest per cent. per annum allowed by the Bank at the date of the return on funds held on deposit (payable on demand and not payable on demand), and on current accounts. Also the rate of discount at same date charged by the bank on first-class bills.\*

"*COINAGE.*—That as regards coinage, it is desirable to obtain returns of the yearly coinage (number of pieces,

\* Upon the presentation of the Report of the Section the Congress adopted an amendment to the effect that the rates of interest and discount should be published by the Bank more frequently than four times in the year.

denomination, and value,) of gold, silver, copper, bronze, or other metal; and also returns of the coinage (or stamping) of any ingots of gold or silver, distinguishing ingots from coin. It is also desirable to procure information as to central and local Mints, and the seignorage charged, and the rates at which foreign coins are occasionally permitted to circulate along with the coinage of the country.

**"CIRCULATING CREDIT.**—That as regards bills of exchange, as being the most important form of circulating credit, it is desirable that wherever stamp duties are imposed on this class of commercial instrument returns of the actual produce of those duties should be given yearly with as much detail as possible; and, generally, that the attention of statisticians should be particularly directed to the importance of ascertaining the magnitude and fluctuation of the bills circulated in each country.

"It was further resolved by the Section,—That it be suggested to M. Otto Hübner (Berlin) and Dr. Engel (Berlin) to consider the desirableness of preparing for the next Congress, or earlier, some special Report on the Credit Companies which during recent years have arisen in Germany and most other countries of the continent.

"That it be similarly suggested to Dr. Jarvis (Boston, United States,) to endeavour to promote the preparation by a competent authority in the United States of a Report for next Congress, or earlier, on the progress of banks in the United States since 1850, and on the Trust Loan Companies which exist in most States of the American Union.

"That a similar suggestion be made to M. Zapasnik (St. Petersburg), as regards Banks and Credit Companies in Russia and Poland.

"That a similar suggestion be made to the Rev. J. E. T. Rogers and Mr. Newmarch, with reference to the United Kingdom, and to Mr. Newmarch with reference to the Banks of British India.

"M. Zapasnik read an interesting paper upon the statistics of Banks, which it was agreed should be entered upon the minutes and be printed.

"It was resolved, that a representation be made to the Organization Committee to print with the Transactions of the Congress the paper of Mr. Gilbert upon the statistics of the Banks of England.

"It was resolved and unanimously agreed to, that the thanks of the Section be given to Mr. Senior for his able and courteous conduct in the Chair.

"The proceedings of the Section then terminated."

I shall notice how far the returns required by the laws of England are in accordance with the recommendations of the Section.

With regard to the classes of the English banks the public have ample information. These are as follows :—

1. Private banks not issuing notes.
2. Private banks issuing notes.
3. Unchartered joint-stock banks not issuing notes.
4. Unchartered joint-stock banks issuing notes.
5. Chartered joint-stock banks with unlimited liability.
6. Joint-stock banks with limited liability.
7. The Bank of England; the banker of the Government.

The private banks are "banks composed wholly of private persons and managed by them;" the number of partners in each bank varies from one to six. The joint-stock banks have each more than six partners, and are managed by directors.

All these banks—private and joint-stock—return to Government every year the names and addresses of all their partners, and the names of all the places—branches, sub-branches, or agencies—where their business is carried on. And every bank of issue returns to Government, weekly, the amount of its notes in circulation, and cannot issue beyond the amount authorised by law, under a penalty equal to the excess.

The chartered joint-stock banks, with unlimited liability, have also to publish a balance-sheet of their assets and liabilities, monthly, in the *London Gazette*. These banks cannot issue notes. They are formed under an act passed in 1844, and every new joint-stock bank must be formed in accordance with the provisions of this act. The only banks of this class at present in existence are the Bank of Preston, and the Bank of London, the City Bank, and the Unity Bank.

The joint-stock banks having limited liability are also required to publish in the *London Gazette* a monthly account of their assets and liabilities, but there is no prescribed form for this statement. The only banks of this class at present existing are the Bank of Agra, in London, the Bank of Manchester, and the Commercial Bank of Liverpool.

The Bank of England is also required to publish, weekly,

in the *Gazette*, an account of the condition of both their issue and their banking department, according to a form arranged with the Government.

We have called the Bank of England the banker of the Government rather than the Government Bank. The Government is not the proprietor of the bank—nor even a shareholder. The Government has no voice in the administration of the bank. The Government is not answerable for payment of the notes, the deposits, or any other obligations of the bank. But the Bank of England is the banker of the Government. She has the banking accounts of several of the departments of the Government. She receives several branches of the public revenue, and she pays the dividends upon the national debt. The Legislature—not the Government—has made her notes a legal tender in the same way as gold and silver coin—has required her to give Government security for these notes, and to publish a statement of her assets and liabilities, weekly, in the *Government Gazette*. The liability of the proprietors is not legally limited to the amount of their paid-up capital ; but the capital is so large that this circumstance is never taken into consideration.

From this account it appears that every bank in England is compelled to report to the Government, for the purpose of publication, the name and residence of every one of its partners, and the name of every place in which its business is carried on. That every bank which issues notes is compelled to report weekly the amount of its notes in circulation ; but, beyond this, no bank is required to make any statement of its affairs except the chartered joint-stock banks, with unlimited liability, the joint-stock banks, with limited liability, and the Bank of England.

It will be seen by this statement that the returns from the banks in England are much below those which are recommended by the International Congress. But we fear it would not at present be possible, and perhaps for national purposes it might not be necessary, to induce our Legislature to enforce all the returns which the Congress have recommended. We may, however, be allowed to consider what are those measures which, were their

attainment possible, it might be most advisable first to adopt.

1. The chief point recommended by the Congress is a return of the amount of the deposits. We see no objection to this return. We do require the amount of the circulation of every bank of issue, and why not require the deposits of every bank of deposit? The deposit system has of late years very much extended, and transactions formerly settled by the payment of notes are now settled by the transfer of deposits. The extension of the deposit system by increasing the productive capital of the country, increases its wealth; and it is desirable to have a register of the extent to which the wealth of the country is thus increased. The bank deposits are the fund from which are obtained the loans and the discounts. If we saw the deposits were increasing, we should know that the loanable capital of the country was increasing: and this would guide all classes—the merchant, the trader, the buyer and seller of estates, the projector of public works, and the statesman—in all their financial operations. It may also be reasonably expected that these returns would improve our knowledge of monetary science. In the pressure of 1857, it was contended in both Houses of Parliament that the pressure had arisen, not, as heretofore, from the issue of notes, but from the system of deposit. Let us, then, have the statistics, and we shall then be better able to judge of the justice of this or any other accusation. We would, therefore, recommend that every private and joint-stock bank in England should publish at fixed periods the total amount of its deposits—by its deposits, of course we mean its total lodgments.

2. We think, also, it would be for the advantage of the community to be furnished with the statistics of the clearing-house. This is now, for all practical purposes, a public institution. The inspectors should be instructed by the Committee to give to the proper authorities, for publication, the daily number\* and amount of its trans-

\* It is to be regretted that when the Legislature imposed a tax of one penny on each cheque the Board of Inland Revenue did not frame a separate stamp, so as to let us know what number of cheques are drawn upon Bankers, and what amount of Revenue they yield to the State. When the tax was first proposed the estimates of its produce varied from 200,000*l.* to 700,000*l.* But should any Member of the House of Commons ask the Chancellor of the Exchequer what

actions, and the balance settled by the transfers at the Bank of England. There should also be a return of the total annual amounts of the transactions of each Bank.\* It is also desirable to have a weekly publication of the number and amount of the country cheques.†

The transactions of the Clearing House have greatly increased of late years through the extension of the system of deposits. Formerly, to keep a banker was the privilege of a few; now it is the practice of the many. It is easy to perceive how this operates. If all the notes in a town are lodged with the bankers, and the depositors make their payments by cheques, notes are not required; the payment is made by a transfer from one account to another. If the two parties keep accounts with different bankers, the effect is the same. For the country bankers make their exchanges with each other daily or weekly, and pay the difference by an order on their London agent. This order is again passed through the clearing, and the differences between the clearing bankers are paid by a transfer at the Bank of England. It is thus theoretically possible, that all the monetary transactions of a country may be settled by a system of transfers; and it is practically the fact, that a large proportion of them are so settled; and this amount has, of late years, largely increased, and is still increasing.

Fortunately, we are at no loss to prove that great public advantage would result from the publication of these returns. We have the daily amount of the total transactions and the balances for the year 1839. These were published in the Appendix to the Second Report on Banks of Issue in 1841. From this return Mr. Babbage constructed a paper, which, in 1855, he read before the Statistical Society of London, entitled, "An Analysis of the Statistics of the Clearing House during the year 1839." The in-

amount of Revenue this tax had produced, he would be told, possibly in a very eloquent speech, that these stamps had not been kept separate from the receipt stamps, and he could give no information on the subject. This circumstance shows the necessity of our statesmen studying statistics. A simple classification in many of our Revenue Returns would be the means of imparting to the public a great deal of important information.

\* We have these returns for the year 1840. See *Practical Treatise*, Sixth Edition, p. 395.

† The clearing for country cheques is quite distinct from the London clearing. See p. 56.

interesting truths which he has elicited from these slender materials are sufficient to show what important results might be obtained from the immediate application of the same mode of investigation to a larger number of facts, and extending over a greater range of time. Mr. Babbage regrets his "very limited data," and observes—

"The complicated phenomena of the atmosphere can only be explained by long continued and daily observations of the barometer, thermometer, hygrometer, and various other instruments. In the equally complicated phenomena of currency and exchanges we have little hope of fully unravelling their laws, except through patient observations continually made and published of those monetary transactions which are constantly fluctuating. The weekly returns of the Bank of England may, perhaps, be considered as our economical barometer, and other commercial publications be likened to other instruments; but I believe few will be found of greater importance than the publication of returns from the Clearing House."

Sir John Lubbock also laments that his calculations are circumscribed, in consequence of not being able to get more extended information :

"The next question which arises, and which is of great importance, is to obtain the accurate value of the probability of a banker paying in or taking out any particular sum. Any banker can obtain this without difficulty from his own pass-book with the Bank of England, and I think it may fairly be taken for granted that the probability for any sum within certain limits varies directly with the amount of the deposits. So that if the probability, that if a bank whose deposits are half a million takes out, it takes out a sum between 0 and 10,000*l.* be  $\frac{1}{2}$ ; the probability that if a bank whose deposits are a million takes out, it takes out a sum between 0 and 20,000*l.*, is also  $\frac{1}{2}$ , and so on. Thus this quantity which may be called *p*, will vary for every bank, and as *I know nothing of the phenomena which the Clearing presents of any bank but my own*, I am thrown upon the necessity of making the best conjectures I can from my own pass-book with the Bank of England.

"The deposits of the joint-stock banks are not quite 50 millions; I conjecture the deposits of the private clearing banks to be about 50 millions. In order, therefore, to simplify the calculation, I will suppose the thirty banks to have each deposits to the amount of three millions each. I conjecture the value of *p* to be about  $\frac{1}{2}$  for such a bank, and for any sum not exceeding 50,000*l.*



"I think, for a bank holding 3,000,000*l.* deposits, and for a sum not exceeding 50,000*l.*, the value of *p* does not differ materially from  $\frac{1}{2}$ . Of course, if I knew the returns of the Clearing house I could tell its value, and for any given bank I could easily ascertain its value from their bank pass-book, but with only my own experience to guide me in this difficult determination, I give this value with much diffidence. *I wish the reader to bear in mind that while I am groping my way in the dark, a few minutes examination of the Clearing house returns, properly tabulated, would give a clear insight into this and all similar questions.*"

We might advance in favour of this measure the conduct of the Committees of the House of Commons who have required returns from the Clearing House to enable them better to investigate the subject of their inquiries—The Bullion Committee in 1810, and the Committee on Banks of Issue in 1840. The large increase that has since taken place in the transactions of the Clearing House is an additional reason for availing ourselves of the same means for pursuing similar inquiries. But we have more arguments in favour of this measure than can be supplied by our own country. We have the example of America. There are Clearing Houses at New York and Boston. These clearing houses publish their transactions. We have them now before us. The New York Clearing House was established in October, 1853. It is now composed of fifty-five Banks. In the (New York) *Banker's Magazine* for November, 1859, we have the amounts of the Exchanges and the Balances for every month, from Oct. 1853 to Oct. 1859. The total sum of these is as follows:—

	<i>Dollars.</i>
Exchange for 6 years .....	37,557,478,473
Balance paid for 6 years.....	1,965,357,615

The *Banker's Magazine* for June, 1860, contains the "Annual Report of the Boston Clearing House." It states that the whole number of Banks now connected with the Clearing House is forty-seven. The exchanges for the year ending March 31st, amount to 1,454,313,000 dollars, and the balances received and paid during the same period amount to 127,197,000 dollars.

3. We think, too, an improvement might be made in the weekly returns of the Bank of England. Such is the

importance of these returns, that a few years ago the day of making up the accounts was altered from Saturday to Wednesday, that the commercial classes might get the latest information. But, as a guide to mercantile transactions, they might be rendered more effective by a subdivision of some of their items. The present returns are very deficient in this respect.

Thus, in the issue department, we are not told what are the respective amounts of the gold and bullion, nor what portion is kept at the branches.

In the banking departments, the "Public Deposits" are put down in one amount, though formed of the balances of several accounts.

In the "Other Deposits," we are not informed what amount belongs to the branches, nor what amount is lodged by the "London Banks."

In the "Government Securities," we know not what class of securities they are, nor the value of "the Dead Weight Annuity." In the "Other Securities," we are not informed whether they are discounted bills, railway debentures, or what else they may be; nor what portion of them belong to the branches.

All the private and joint-stock banks put together do not issue, beyond sixty-five miles from London, so large an amount of notes as the branches of the Bank of England; yet each of these private and joint-stock banks is required to render a weekly return of its amount of notes in circulation, but we have no account of the circulation of the Bank of England branches, either collectively or individually.

We are aware that a vast amount of statistical information respecting the Bank of England is given as an appendix to every report of a parliamentary committee connected with banking. The reports on the bank charter, in the year 1832; on joint-stock banks, in 1836; on banks of issue, in 1840 and 1841; on commercial distress, in 1848; and on the bank acts, in 1857 and 1858; have each appended to them a mass of most interesting information connected with the Bank of England. The evil is, that the information is given in masses; an interval of from four to ten years elapses between the production

of each mass. The Committees themselves make but a slender use of the important information they thus collect ; while to investigate all the items of information, to put them into a lucid form, to point out their bearing upon the subject under investigation, to inquire into the principles they develope, and show the practical uses to which they may be applied, is a task which but few men have the leisure, the inclination, or the talent to perform.

Now, we ask, if this mass of information is necessary to ascertain the cause of any national calamity, might not the possession of the information beforehand have prevented the calamity ? Of what use is it now to tell us of the operations of the Bank of England several years ago ? Had we been told of these operations at the time they occurred, the information might have prevented those evils we have been called to investigate.

The alteration in the form of the weekly returns of the Bank of England will not require any Act of Parliament. The Act of 1844 which requires the returns does not prescribe the form—that was arranged between the bank directors and the Chancellor of the Exchequer. If so disposed, these parties can introduce the alterations we have suggested : that they are not indisposed to adopt any modifications that may conduce to the public advantage or convenience may be inferred from the readiness with which they adopted the alteration as to the day of the week on which the returns were made up. The directors can hardly object to give in detail to the public that information which they furnish wholesale to Parliamentary committees.

The weekly statement of the affairs of the Bank of England, given to these Committees, has usually been in the form given on the following page. It will be seen that this statement contains several important items not given in the weekly return now published in the *Gazette*. By turning to page 46 of this work, the reader will be able to compare these statements with each other. It is desirable to have a form that shall combine the advantages of both.



We would then propose these additions to the banking returns that are now published. We would have a weekly return of the deposits from every bank in England, in the same way as the present return of the circulation of notes—to be published monthly in the *London Gazette*. We would have a weekly return published in the papers of the daily amounts and balances of the clearing-house \* We would have some alterations in the weekly returns from the Bank of England, so as to render them more useful to commercial men. These should include the separation of the affairs of the branches from those of the parent establishment—the separation of bills under discount from the other securities, both in London and the country, and the amount of the deposits of the London bankers; separating the joint-stock from the private banks. These deposits would be a good indication of the state of the money market. For when the bankers are unable to employ their money they leave it in the Bank of England. We advocate these additional returns not only upon the ground that they would be useful to men of business, but also upon the ground that by the application of statistical investigation, our knowledge of banking as a science might be extended, and new measures might be adopted, which would be practically advantageous, not merely to bankers, but to the community at large. At the same time, we contend that the reports we have suggested are very proper measures for the Legislature to enforce—that they would greatly extend correct information respecting monetary affairs throughout the country—that they would promote the safety and respectability of our banking institutions, without imposing any injurious restrictions upon the freedom of their administration.

It is reasonable to suppose that banking being so conversant with figures, there are but few branches of social inquiry that could receive more advantage from the application of statistics. But its results are not always obvious beforehand. The act of collecting and systematising the facts will often suggest principles which would not have

\* This could be easily done by each clearing clerk handing to the Inspector every morning a paper stating the number and amount of the transactions of the preceding day.

occurred to the mind if the facts had not been previously known. The science of statistics consists of two parts—or, rather, it has two classes of operations—the arithmetical and the logical. To the former class we refer multiplication and division, the calculations of ratios and the construction of tables.\* To the latter we refer analysis and classification, comparisons and contrasts, the investigation of causes and effects, and the computation of probabilities. By these means we endeavour to discover new truths, and to apply them to a practical purpose.

The science of statistics has been compared to the prophet's vision of dry bones; and the comparison may not be inappropriate, if we extend the resemblance throughout the whole of the operations:—

“The valley was full of bones. Behold there were very many in the open valley, and lo they were very dry.

“I prophesied, and there was a noise, and behold a shaking, and the bones came together, bone to his bone. And lo the sinews and the flesh came upon them, and the skin covered them above.

“I prophesied again, and the breath came into them, and they lived and stood upon their feet, an exceeding great army.”

This may illustrate the procedure which takes place in our statistical investigations. We first collect our facts which are sometimes unpromising, widely scattered, and seem to have no adaptation for each other. We systematise them, and give them a tabular form. By our investigations and discussions, we impart to them a capability of action and operation. We then infuse into them an active principle, and apply them to purposes of public utility.

The Prince Consort appears to suggest this course of proceeding, in his address to the International Statistical Congress. Speaking of statistics, he says,—

“Its sacred task is the accumulation and verification of facts, unbiassed by any consideration of the ulterior use which may or can be made of them.

“It is little understood, for it is dry and unpalatable to the general public in its simple arithmetical expressions representing living facts (which, as such, are capable of arousing the liveliest

\* See the application of the Art of Reasoning to Statistics in the author's “Logic for the Million.” Sixth Edition, page 334.

sympathy) in dry figures and tables for comparison. Much labour is required to wade through endless columns of figures, much patience to master them, and some skill to draw any definite and safe conclusions from the mass of material which they present to the student; while the value of the information offered depends exactly upon its bulk increasing in proportion with its quantity and comprehensiveness.

"The very fact that statesmen, financiers, physicians, and naturalists seek to support their statements and doctrines by statistics shows conclusively that they all acknowledge them as the foundation of truth.

"It is the social condition of mankind, as exhibited by these facts, which forms the chief object of the study and investigation undertaken by this congress, and it hopes that the results of its labours will afford to the statesman and legislator a sure guide in his endeavours to promote social development and happiness.

"These returns will no doubt prove to us afresh in figures what we know already from feeling and from experience—how dependant the different nations are upon each other for their progress, for their moral and material prosperity, and that the essential condition of their mutual happiness is the maintenance of peace and good-will among each other."

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## SECTION XIV.

### TEN MINUTES' ADVICE ABOUT KEEPING A BANKER.

1. A **BANKER** is a man who has an open shop, with proper counters, clerks, and books, for receiving other people's money in order to keep it safe, and return it upon demand.

2. The building or shop in which this business is carried on, is usually called in London a "Banking-house," but in Scotland, and in the country parts of England, it is called a "Bank." The word "bank" is also employed to denote the partnership or company who carry on the business of banking. Thus we say, the Bank of Scotland, the London and Westminster Bank, the Bank of Messrs. Coutts & Co.

3. When a company of this kind does not consist of more than six partners, it is called a "Private Bank;" but when the company consists of several hundred partners, it is called in Scotland a "Public Bank," and in England a "Joint-Stock Bank."

4. A private bank is usually managed by one or more of the partners, and all the partners are styled Bankers. A public bank is managed by a principal officer, who is usually styled a Manager. In England a bank-manager is not commonly called a banker; but in Scotland all managers of banks, and managers of branch banks, are called bankers. So mind, when I use the word "banker," you may apply it to either a private banker or to a bank-manager, whichever you please, as my observations will be as applicable to one as to the other. A banker is a man who carries on the business of banking; and whether he carries it on upon his own account, or as the agent of a public company, it appears to me to make no difference as to his claims to be called a banker.

5. It is the business of all these banks to receive other people's money, and to return it upon demand. And when any person puts money into one of these banks he is said to have opened an account with the bank; and when he has thus opened an account, and continues to put in and draw out money, he is said to have a current account, or, in London phraseology, "to keep a banker."

6. In Scotland almost every man has an account of some sort with a bank. The rich man in trade has an account because of the facility of conducting his operations: the rich man out of trade has an account because he gets interest upon his lodgments, and he keeps his money in the bank until he has an opportunity of investing it elsewhere at a better rate of interest. The middle class of people have an account because of the convenience of it, and because they obtain the discount of their bills, and perhaps loans, on giving two sureties, which are called cash credits. The poorer classes lodge their small savings in the bank, because of the security, and because they get interest on the sums which are lodged.

7. But in London the practice of keeping an account with a bank is by no means so common as in Scotland. The London banks are banks only for the rich. The bankers require that every person opening an account shall always have a sum to his credit; and if the sum thus kept is not what they deem sufficient, they will close the account. Hence the middle class of people in London



have no banker at all, and the poorer class lodge their money in the savings banks, where they get interest, which they would not get from the London banker. It should also be stated, that besides keeping a sufficient balance, a party opening an account with a London banker is expected to give a certain sum every year to the clerks. This is called Christmas-money, and the object is merely to enable the banker to pay a less salary to his clerks, at the expense of his customers.

8. But within a few years, public or joint-stock banks have been established in London. These banks, or at least some of them, will allow you to open an account without promising to keep a large balance, or even any balance at all, provided you pay a small sum annually as a commission. This sum is fixed when you open the account, and it is about the same that you would be expected to give as Christmas-money to the clerks of a private bank. Hence people of moderate incomes, and those who can employ the whole of their capital in their business, are now able to keep a banker. These banks, too, give interest on deposits, whether the sums be large or small, as I shall hereafter explain.

9. The first public or joint-stock bank established in London was the London and Westminster Bank. This bank is in Lothbury, and it has branch establishments at No. 1, St. James's-square; No. 214, High Holborn; No. 3, Wellington-street, Borough; No. 87, High-street, Whitechapel; No. 4, Stratford-place, Oxford-street; and No. 217, Strand. The success of this bank has led to the formation of several others. You will observe, that all banks which have branches conduct their business on the same terms at the branches as they do at the central office.

10. Since, then, the Scotch system of banking is established in London, why should not the keeping of a banker be as general in London as in Scotland? I have stated that, under the old system, those chiefly who were denied banking facilities were the middle class of people. Now, these people may be subdivided into two classes—those who are engaged in trade, and those who are not. I shall address myself, in the first place, to the former class.

11. Now, I ask you, why don't you keep a banker?

You say you have been in business several years, and have never kept one. Of course, if no banker would take your account you could not do otherwise; but now there are bankers willing to take your account. But you say, you can do without a banker. Of course you can. The question is, not whether by possibility you can do without a banker, but whether you cannot do better with one? But you reply, it would not be worth any banker's while to take your account. That is for his consideration, not for yours. The question for you to decide is, not whether your keeping a banker would be of use to him, but whether it would be of use to yourself. I shall point out to you some of the advantages.

12. In the first place, by keeping a banker, your money will be lodged in a place of security. You have now 50*l.* or 100*l.* or perhaps sometimes 200*l.* that you keep in your own house; you take it up into your bedroom at night, and when you go out on Sunday you carry it in your pocket. Now you may lose this money out of your pocket—the till may be robbed by your servants—or your house may be broken open by thieves—or your premises may take fire and the money may be burnt. But even should you escape LOSS, you cannot escape ANXIETY. When you have a little more money than usual, you have fears and apprehensions lest some accident should occur. Now you will avoid all this trouble by keeping a banker.

13. The banker will not only take care of your money, but also of anything else you commit to his charge. You can get a small tin box with your name painted on it, and into this box you can put your will, the lease of your house, policies of insurances, and any deeds or other documents that require particular care. You can send this box to your banker, who will take care of it for you; and you can have it back whenever you like, and as often as you like. If your premises are insured, it is clearly improper to keep the policy on the premises: for if the house be burnt the policy will be burnt too; and where then is your evidence of claim upon the insurance office?

14. Another advantage is the saving of time. When you receive money you will send it in a lump to the bank; and when you pay away money you will draw cheques upon

the bank. Now to draw a cheque takes up much less time than counting out the money that you have to pay, and perhaps sending out for change because you have not the exact sum. Besides, you sometimes hold bills which, when due, you have to send for payment ; now you can lodge these with your banker, who will present them for you. And when you accept bills, you will make them payable at your banker's, instead of making them payable at your own house. Now in all these cases there is a great saving of time ; and, besides, your bills, from being made payable at a bank, will be considered more respectable.

15. Another advantage of keeping a banker is, that it will be a check upon your accounts. I need not speak to you, as a trader, of the importance of correct accounts. Your banker's book will be an authentic record of your cash transactions. If you make a mistake in your trade books, the banker's book will often lead to a detection of the error. If you have paid a sum of money, and the party denies having received it, you can refer to your banker's account, and produce your cheque, which is as good as a receipt. By means of a banker's account you could trace your receipts and payments, even after a number of years had elapsed ; and hence disputed accounts could be readily adjusted, and error, arising from forgetfulness or oversight, be speedily rectified.

16. I could mention several other reasons why you should keep a banker.\* But what I have said will be enough to induce you to make a trial ; and when you have once opened an account, you will find so much convenience from it, that you will require no further reasons to induce you to continue it. If it should not answer your expectations, you can, whenever you please, close it again.

17. Now then, as you have made up your mind to keep a banker, the next thing is to determine at what bank you will open your account. On this point I must leave you to make your own choice. All the PUBLIC BANKS issue prospectuses containing the list of their directors, the

\* The reasons assigned here have a reference chiefly to London banking. The operations of country banking are familiarly described in "The Anatomy and Philosophy of Banking; or, the true Character and Value of Banks briefly explained to the Middle Classes of Society. By James Strachan." (Groombridge.)

amount of their paid-up capital, the names of the bankers who superintend their respective establishments, and their rules for transacting business. You can get a prospectus from each bank, compare them together, and please your own fancy. But if you have no other grounds for preference, I advise you to open your account with the BANK, or BRANCH BANK, that is NEAREST TO YOUR OWN PLACE OF BUSINESS. You will often have to go or send to the bank, and if it be a great way off, much time will be lost, and you will at times be induced to forego some of the advantages of keeping a banker rather than send to so great a distance. On this account, let your banker be your neighbour. Recollect, time is money.

18. There is no difficulty in opening an account. You will enter the bank, and ask for the manager. Explain to him what you want to do. He will give you every information you may require, and you will receive, without charge, a small account book, called a pass-book, and a book of cheques. I advise you to keep these two books, when not in use, under your own lock and key.

19. You now require no further advice from me, as your banker will give you the most ample information respecting the way of conducting your account. Nevertheless, I may mention a point or two for your own government:—Do not depend entirely upon your banker's pass-book, but keep also an account in a book of your own. Debit your banker with all cash you may pay into the bank, and credit him for all the cheques you may draw at the time you draw them. Send your pass-book frequently to be made up at the bank, and when it returns, always compare it with your account book. This will correct any mistake in the pass-book. Besides, some of your cheques may not be presented for payment until several days after they are drawn, and if, in the meantime, you take the balance of the banker's pass-book, you will seem to have more ready cash than you actually possess, and this may lead you into unpleasant mistakes.

20. When you lodge any money at the bank, always place the total amount of the cash and your name, at full length, upon the outside of the parcel, or on a slip of paper. The cashier will then see at once if he agrees

with your amount. This will save time, and prevent mistakes.

21. Be always open and straightforward with your banker. Do not represent yourself to be a richer man than you are ; do not discount with your banker any bills that are not likely to be **PUNCTUALLY** paid when due ; and, should any be unpaid and returned to you, pay them yourself **IMMEDIATELY**. Do not attempt to **OVERDRAW** your account : that is, do not draw cheques upon your banker for more money than you have in his hands, without first asking his consent ; and if you make him any promises, be sure that they be strictly performed. If you fail **ONCE**, the banker will hesitate before he trusts you again.

22. Should you be dissatisfied with anything connected with your account, make your complaint to the **BANKER** himself, and not to the clerks. Let all your communications be made in **PERSON**, rather than by **LETTER**. But do not stay long at one interview. Make no observations about the weather or the news of the day. Proceed at once to the business you are come about, and when it is settled, retire. This will save your banker's time, and give him a favourable impression of your character as a man of business.

23. If you are in partnership, besides opening an account with your banker in the names of the firm, you should open a private account for yourself, that your personal affairs may be kept separate from those of the partnership. Or if you are in an extensive way of business, and have a large family, it is advisable that you open a separate account with your banker, in the name of your wife, that your trade payments and your household expenses may not be mixed up together in the same account. This is a good way of ascertaining the exact amount of your family expenditure.

24. If you are appointed executor or assignee to an estate, or become treasurer to a public institution or charitable society, open a separate account with your banker for this office, and do not mix other people's monies with your own. This will prevent mistakes and confusion in your accounts. These separate accounts may

be kept still more distinct by being opened with another banker, or at another branch of the same bank.

25. There are a good many of the middle class of people who are not in trade, and I must now address them. Perhaps you are a clergyman, or a medical man, or you are in a public office, or are living on your rents, or dividends. At all events, whatever you may be, I conclude you are not living beyond your means. If you are, I have not a word to say to you about keeping a banker; you will soon, most likely, be within the keeping of a gaoler.

26. Several of the reasons I have given to the trader will also apply to you; but there is one that applies with much greater force—the tendency to ensure accurate accounts. As you are not a man of business, I shall not advise you to keep an account of your receipts and your expenditure. I know you will do no such thing. Should you ever commence to do so, you will get tired before the end of the year, and throw the book aside. Now, if you keep a banker, he will keep your accounts for you; his Pass-book will show you the state of your accounts. All the money you receive you must send to the bank, and all your payments must be made by cheques upon the bank. If you want pocket-money, draw a cheque for 5*l.* or 10*l.*, payable to Cash, but by no means disburse any money but through your banker. Your book will be balanced every half-year. You will then see the total amount of your receipts during the half-year, and your various payments to the butcher, the baker, the tailor, &c. &c. The names to which the cheques are made payable will show you for what purpose they were given, and you should write these names in a plain hand, that the clerks may copy them correctly in the Pass-book. Now, if you look through your book once every half-year in this way, you will probably see occasion to introduce some useful reforms into your domestic expenditure. But if you are too lazy to do this, hand the book to your wife, and she will do it for you.

27. I shall now address another class of people. Perhaps you are a clerk, or a warehouseman, or a shopman, or a domestic servant. Well, you have no occasion to

keep a banker ; that is, you have no occasion to open a current account. But you have got a little money which you would like to put into a safe place, and upon which you would like to receive interest. Well, now, listen to me.

28. If the sum be under 10*l.*, or if the sum be above 10*l.*, and you are not likely to want it soon, put it into the savings bank ; you will receive interest for it at the rate of about 3*l.* for every 100*l.* for a year. But mind, you can only put money into the savings bank at certain hours in the week, when the bank is open, and you cannot put in more than 30*l.* in any one year, nor more than 150*l.* altogether, and you will receive no interest for the fractional parts of a month, and you cannot draw out any money without giving notice beforehand.

29. If, then, your money is more than 10*l.*, and you have already lodged 30*l.* this year in the savings bank, or 150*l.* altogether, or if you will have occasion to draw out your money without giving notice, then lodge it in one of the public banks. These banks are open every week-day from nine o'clock in the morning till four in the evening ; they will take lodgments of money to any amount, and interest will be allowed from the day it is lodged until the day it is drawn out ; and if the sum is under 1,000*l.* no notice is required. For all sums lodged on interest the bankers give receipts called deposit receipts.

30. When you go to the bank to lodge upon interest any sum under 1,000*l.* you need not inquire for the manager. Hand your money to any clerk you may see standing inside the counter, and ask for a deposit receipt. You will be requested (the first time you go) to write your name and address in a book which is kept for that purpose, and then the deposit receipt will be given to you without any delay.

31. Mind, this deposit receipt is not transferable ; that is, you cannot lend it or give it to anybody else. When you want the money, you must take it yourself to the bank, and ask the cashier to pay you the amount. You will then be requested to write your name on the back of the deposit receipt ; the cashier will see that the signature corresponds with the signature you wrote in the book

when you lodged the money, and will then pay you the amount and keep the receipt.

32. Although you cannot lodge upon a deposit receipt a less sum in the first instance than 10*l.*, yet, having lodged that sum, you can make any additions to it you please. Thus, if you wish to lodge 5*l.* more, you can take your 5*l.* note and your deposit receipt for 10*l.* to the bank, and get a new receipt for 15*l.* If after having lodged 10*l.* you wish to lodge 10*l.* more, you can get a separate receipt for the second 10*l.*, or have a new receipt for 20*l.*, whichever you please ; and, observe, whenever any addition is made to a former receipt, the old receipt is cancelled, and the interest due upon it is either paid to you in money, or added to the amount of the new receipt, as may be most agreeable to yourself.

33. The rate of interest allowed upon the money you deposit in the bank will depend upon the value of money at the time—that is, upon the rate at which the bankers can employ it again.\* For the money you lend to the banker, he lends to other people. A part of the interest he receives from other people he gives to you who find the money. A part he keeps to himself for his knowledge and skill in employing the money safely and profitably. When he receives more interest from others, he will give you more. And when he receives less, he will give you less.

34. You will be surprised to find how the desire of lodging money in a bank will grow upon you. When you had the money in your pocket, you were anxious to find reasons for spending it. When you have placed it in the bank, you will be anxious to find reasons for not spending it. All habits are formed or strengthened by repeated acts. The more money you lodge in the bank, the more you will desire to lodge. You will go on making additions until, at last, you will probably have acquired a sum that shall lay the foundation of your advance to a higher station in society.

35. Nor must you suppose that this desire to get and to save money is an improper one. That wealth is an evil is not the language either of Scripture or Philosophy. It

\* By the recent Stamp Act the rate of interest and the notice of repayment required may be inserted in the receipt.



is true that wealth, like any other blessing, may be desired from improper motives, and sought by improper means, and such an ill-regulated desire may become the root of all evil. But it is not true, that wealth honestly acquired has any tendency either to enervate the intellect, to corrupt the morals, or to impair the happiness of man. The fact is the reverse. Wealth is always represented in Scripture as a blessing, and though partaking of the uncertainty of all earthly blessings, it is a blessing to be received with thanksgiving, and to be employed in promoting the honour of God, and the good of mankind.

“The philosophy which affects to teach us a contempt of money does not run very deep; for, indeed, it ought to be still more clear to the philosopher than it is to the ordinary man, that there are few things in the world of greater importance. And so manifold are the bearings of money upon the lives and characters of mankind, that an insight which should search out the life of a man in his pecuniary relations, would penetrate into almost every cranny of his nature. He who knows, like St. Paul, both how to spare and how to abound, has a great knowledge: for if we take account of all the virtues with which money is mixed up—honesty, justice, generosity, charity, frugality, forethought, self-sacrifice,—and of their correlative vices—it is a knowledge which goes near to cover the length and breadth of humanity: and a right measure and manner in getting, saving, spending, giving, taking, lending, borrowing, and bequeathing, would almost argue a perfect man.” \*

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## SECTION XIV.

### TESTIMONIALS TO THE AUTHOR WITH REFERENCE TO JOINT-STOCK BANKING.

I SHALL conclude this little work—the last probably I shall send to press—by a selection from those public testimonials I have received in acknowledgment of the services I have rendered to the interests of joint-stock banking. My extracts will be made from those only which have appeared in print, and will refer chiefly to my public

\* Taylor's Notes on Life.

conduct, and to the effects that conduct is supposed to have had on the progress of joint-stock banking, in this and in other countries. Should their perusal produce no other advantage, it may give the reader some information respecting the history of banking during the last thirty years. I find that the chief points mentioned in these testimonials are—the early and increasing prosperity of those joint-stock banks with which I have been officially connected—the stimulus which that prosperity gave to the formation of similar establishments—my books and other writings in favour of joint-stock banks, defending them against their assailants and expounding the principles on which they ought to be conducted—my evidence in favour of joint-stock banks before Committees of the House of Commons—my organization of the joint-stock banking interest throughout the country, with the view of obtaining from the government an amelioration of the laws respecting them—the active part I took as a member of this association in conducting the correspondence with the government, and in the framing of those acts of parliament which were subsequently adopted—and, finally, the great expansion of the joint-stock banking system during the latter years from the impulse thus given, and the prosperity of those banks which have been conducted upon the principles inculcated by my writings and example. I believe all the facts in these testimonials are correctly stated. As to the soundness of any opinions they may express I am willing that my readers and the public should form their own judgment.

#### I. THE ILLUSTRATED NEWS OF THE WORLD AND DRAWING-ROOM PORTRAIT GALLERY OF EMINENT PERSONAGES.

“James William Gilbert, Esq., F.R.S., though of Cornish descent, was born in London, March 21, 1794. The name Gilbert is said to be peculiar to Cornwall; Gilbert is common to several other counties.

“In the year 1813, when just nineteen years of age, he entered as junior clerk in a London bank, and there remained till the panic of December, 1825, when that establishment and several others were compelled to stop payment; but the bank in which Mr. Gilbert was engaged paid all their creditors in full,

with interest, a few months afterwards, though it did not resume business. He was for several years, during this period, a member of a debating society called the 'Athenian,' of which the Right Hon. M. T. Baines, Edward Baines, Esq., M.P., Edwin Chadwick, Esq., C.B., Baron Channell, and several gentlemen now at the Bar were also members. He was afterwards a member of the Union Society, a debating club formed in 1825 by Mr. John Stuart Mill; and of which Lord Macaulay was also a member. About this time Mr. Gilbert assisted in the formation of the City of London Literary and Scientific Institution, the first establishment of the kind designed for the education of the middle classes. Mr. Gilbert became a liberal contributor to the cheap periodicals. None of his contributions have been published separately; but he has recently issued printed selections for the perusal of his friends. These are, 'The Social Effects of the Reformation,' extracted from a series of letters he wrote in the years 1824 and 1825 in reply to Cobbett's 'History of the Reformation;' 'The Preacher and the Platform,' selections from a series of Essays written in the years 1822 and 1823; and the 'Philosophy of History,' written, but not printed, in the year 1826. On losing his first situation, by the stoppage of the bank, Mr. Gilbert accepted the office of cashier in a large establishment near Birmingham; but the office being distasteful to him, and the atmosphere of smoke in which he lived being injurious to his lungs, he resigned and went into Cornwall for the restoration of his health.

"In the beginning of 1827 he returned to London and published his first work on Banking:—'A Practical Treatise on Banking; containing an Account of the London and Country Banks, a View of the Joint-Stock Banks of Scotland and Ireland, with a Summary of the Evidence delivered before the Parliamentary Committees relative to the Suppression of Notes under Five Pounds in those Countries.' A few months after the publication of this work Mr. Gilbert was appointed Manager of the Provincial Bank of Ireland, and opened a branch at Kilkenny. In 1829 he was promoted to the managership of a larger branch at Waterford.

"As at Kilkenny, Mr. Gilbert published in the local papers various articles on Banking with the view of circulating a correct knowledge of the system then introduced; and, associating himself with several gentlemen of local influence, he established the Waterford Literary and Scientific Institution on the plan of the Institution in the City of London already referred to; besides which, he found time to give a series of lectures on subjects so varied and extensive, that those who knew how industriously and indefatigably he applied himself to business were at a loss to imagine how he could find time to acquire such knowledge and accomplishments. He delivered ten lectures during the first

session of the society. Of these five were upon Ancient Commerce, comprising the commerce of Egypt, Greece, Rome, Tyre, and Carthage, and that of the Ancients with the East Indies. The subjects of the remaining five were the 'Philosophy of Language,' 'The Means of Preserving the Sight,' 'The Agriculture of the West of England,' 'Scientific Terms,' and 'The Commerce of Waterford.' While he was thus engaged, his labours as a practical banker were signally successful; and his reputation for prudence, intelligence, and ability becoming known in London, he received an invitation which induced him to leave Ireland and settle in the metropolis. It was in 1833 that a Committee was first formed for the establishment of a Joint-Stock Bank in London. Almost the first duty of the Committee was to seek an efficient Manager. Without having any personal knowledge whatever of Mr. Gilbert, and guided entirely by that gentleman's reputation in Ireland, they made him an offer to become their Manager. Having received another invitation from a similar establishment then in the course of formation, Mr. Gilbert came to London, and, after an interview with both parties, engaged with the London and Westminster Bank on the 10th of October, 1833. He signed the first letters of allotment of shares on the following day, and soon afterwards entered upon the regular duties of his new office.

"Mr. Gilbert's antecedents were calculated to qualify him for this post. He had been engaged thirteen years in a London Bank, by which he had acquired a perfect knowledge of London Banking, and, moreover, was favourably known as an author on the subject; besides which he had for six years and a half fulfilled the onerous duties of Manager in a Joint-Stock Bank, a young establishment which had to contend against popular ignorance and a chartered rival—two of the opponents that a new bank in London would probably have to encounter. The Bank was opened March 10th, 1834.

"As General Manager of the London and Westminster Bank from the commencement, Mr. Gilbert had to encounter the violent opposition of interested and influential bodies which met its rise and early progress. He had to conquer the apathy and distrust of the public, and to contend against law proceedings, injunctions, adverse bills in Parliament, and other formidable difficulties. All were successively overcome, and at length he had the gratification of seeing the Bank prosper to a remarkable extent. Year by year it increased in importance, until it became one of the largest and richest Joint-Stock Companies in the kingdom. An excellently written history of the undertaking was produced by Mr. Gilbert in 1847, which was printed for private circulation.

"About two years after the opening of the Bank, a spirit of general speculation arose which became directed towards the

establishment of Joint-Stock Banks throughout the country. It being thought that some of these new Banks might appoint the London and Westminster Bank to be their agent, Mr. Gilbert assisted in the formation of several. To secure a right to attend their meetings he took shares, and, profiting by the fluency of address acquired in former days, he urged upon all the shareholders and directors the duty and advantage of forming their business relations with Joint-Stock Banks in London. The London and Westminster thus obtained a large and valuable country connexion. In this year the Directors, under the advice of Mr. Gilbert, opened branches in Holborn, Oxford-street, Southwark, and Whitechapel, all of which were very successful.

"In June, 1837, Mr. Gilbert was examined as a witness before the Committee of the House of Commons upon Joint-Stock Banks. This Committee was appointed 'to inquire into the operation of the Acts permitting the establishment of Joint-Stock Banks in England and Ireland under certain restrictions, and whether it be expedient to make any amendment in the provisions of those Acts.' The Committee had made a hostile report in 1836, but this session they resolved only to report the evidence. In the course of the same year, the Bank of England obtained an injunction against the London and Westminster, prohibiting their accepting any bills drawn at less than six months after date. It was supposed that this decision would be fatal to the connexion with the country banks, but it was not so. When in Ireland, Mr. Gilbert had seen bills drawn by the Bank of Ireland upon the Bank of England, 'without acceptance,' and it occurred to him that the country establishments might draw on the London and Westminster Bank in the same manner. With the sanction of his Directors, he visited all the country banks and made the suggestion. It was universally adopted, and consequently the London and Westminster lost none of its connexions.

"The 'Association of Joint-Stock Banks' was formed in the latter part of 1838, and all such establishments in England, Wales, and Ireland, were invited to send a representative to attend a public meeting in London. This meeting appointed from their number a committee 'to communicate with the Government and to promote the passing of such laws as might be beneficial to Joint-Stock Banks.' This Committee was styled 'The Committee of Deputies,' and those members that resided in London were authorised to act, in ordinary matters, on behalf of the whole Committee. Mr. P. M. Stewart, M.P., a Director of the London and Westminster Bank, was the Chairman; Mr. Oliver Vile, the Manager of the Westminster Branch, was the Honorary Secretary, and the circulars to the Banks and the correspondence with the Government were written chiefly by Mr. Gilbert. The Chancellor of the Exchequer at that time was Mr. Spring Rice

(now Lord Monteagle), who had been a Director of the Provincial Bank of Ireland during the time that Mr. Gilbert was a Manager in that establishment. The Government were thus readily accessible upon banking questions, and several important improvements in the laws respecting Joint-Stock Banks were passed on the suggestion of the Chancellor of the Exchequer. In consequence of the 'pressure' of 1839, a select Committee of the House of Commons was appointed in 1840, 'to inquire into the effects produced on the circulation of the country by the various banking establishments issuing notes payable on demand.' Mr. Vincent Stuckey and Mr. Gilbert represented the English Joint-Stock Banks by request, and they received the thanks of those Companies for the manner in which they had given their evidence. In 1844, Sir Robert Peel passed his Act, renewing the Charter of the Bank of England, and regulating other Banks; by this enactment, the London and Westminster and other similar Banks acquired the power of suing and being sued by their public officer, and to accept bills at less than six months after date.

"In the year 1846 a Service of Plate was presented to Mr. Gilbert, by the Joint-Stock Banks, in acknowledgment of his services in favour of Joint-Stock Banking.

"Another pressure on the money market occurred in 1847, when both Houses appointed a Committee of Inquiry, the chief question being 'whether the pressure of 1847 was produced in whole or in part by the Act of 1844?' To this Mr. Gilbert gave an answer, in the fifth edition of his 'Practical Treatise,' published in 1849.

"A prize of £100 was offered by Mr. Gilbert, in January, 1851, for the best Essay 'On the Adaptation of Recent Inventions collected at the Great Exhibition of 1851 to the Purposes of Practical Banking.' The prize was won by Mr. Granville Sharpe, of Norwich. In 1854, the object for which Mr. Gilbert had frequently contended, viz., the admission of the Joint-Stock Banks into the Clearing House, was attained. In 1859, he published his 'Logic of Banking;' and in the course of the same year, the Directors of the Bank, in acknowledgment of his long and eminent services, passed a resolution to allow him to retire at the close of the year with a pension of £1,500 per annum. They intimated, in addition, that they would recommend him to the Proprietors for the first vacancy at the Board.

"Mr. Gilbert is a Fellow of the Royal Society, a Life-member of several Literary and Scientific Associations, and a Member of the Council of the Statistical Society."

The above memoir and a portrait of myself, engraved by D. J. Pound, from a photograph by Williams, of Regent-street, were published with the *Illustrated News*

of the *World*, on January 14, 1860. The portrait and the memoir may still be obtained at 199, Strand, by any purchaser of the paper who may desire this portrait instead of the portrait of the week.

## II. IRELAND.

1. In my "History of Banking in Ireland" I have made the following references to the articles on banking that were published in the Kilkenny and Waterford newspapers:—

1827.—The Kilkenny Branch of the Provincial Bank of Ireland was opened in the month of September in this year. Soon afterwards I published in the Kilkenny papers two articles upon "Deposits" and "Cash Credits," with the view of explaining to the public the new system of banking which was then introduced. These articles now form two sections in my "Practical Treatise on Banking."

1828.—In the month of October in this year occurred the first run for gold upon the Provincial Bank of Ireland. About the time the run was subsiding, I wrote the following\* letter, which was inserted in the *Leinster Journal*, a newspaper published at Kilkenny. This letter was headed, "The Advantages of a Run."

1830.—In this year the Government proposed to assimilate the stamp duties of Ireland to those of England. As this measure would have raised the composition of the stamp duties upon the notes of the Provincial Bank of Ireland from three shillings to seven shillings per cent. I wrote the following letter, which was inserted in the *Waterford Mail* of May 5th.

1831.—January.—In consequence of legal proceedings taken by the Government against Mr. O'Connell, a run for gold took place on the Bank of Ireland in Dublin, and on all the banks in the south of Ireland. During the run I published the following article—"Bank Notes *versus* Gold"—in the *Waterford Mail*.

1833.—During the month of March, while the bill,

\* I have retained the word "following" to denote that these articles are reprinted in the work to which I have referred.

usually called "The Irish Coercion Bill," was under the consideration of Parliament, a run for gold was made upon all the banks in the south of Ireland, with a view of preventing the passing of that bill. At this time I delivered my third Lecture upon Ancient Commerce. And the following extract bearing upon the run was inserted in the *Waterford Mail* and the *Waterford Chronicle*. This extract now forms pages 71 to 73 of the last edition of these Lectures.

## 2. *The Waterford Literary and Scientific Institution.*

The following is an extract from the address of the President, Thomas Wyse, Esq. M.P. (at present our Minister in Greece), delivered to the members at the close of the first Session :—

"But this was only a small portion of Mr. Gilbert's important services. You have already heard me refer, in terms of merited eulogium, to the active part which he bore in the founding of our institution—an activity exceeded, if possible, by the intelligence, assiduity, and perseverance which he brought to its subsequent management;—but, great as these contributions undoubtedly were, they were fully rivalled by his zealous literary support. There are few in this room who have not attended his excellent lectures on 'Ancient Commerce.' I feel what a train of agreeable and elevating associations I excite by merely mentioning their name. The judicious arrangement, the happy spirit of analysis, the discriminating selection and classification of facts, the wise deduction of principles, leading to views the noblest and loftiest, but at the same time the most practical and useful to society—all this, too, conveyed in language claiming the applause of the instructed, but not beyond the grasp of the ignorant—was not only a complete redemption of our original promises, but, I do think, the best practical illustration, and most complete recommendation we could possibly offer, of the pleasures and utilities of such institutions as this."

The following is a Syllabus of Lectures, to which the above language referred :—

Lecture I.—*The Commerce of Ancient Egypt.*—Origin of Commerce. History of Egypt. Productions—Corn—Linen—Horses—Paper. Consumption—Food—Dress—Houses—Embalming. Situation—Trade with the Phœnicians—Judea—Arabia—India. Means of Communication—Roads—Canals—Ships. Arts and



Sciences—Computation—Money. Commercial Laws—Castes—Imprisonment for Debt—Female Traders—Trial after Death. Commercial Character of the Egyptians.

Lecture II.—*The Commerce of Ancient Greece.*—Origin of Civilization. Commercial position of Greece. Security of Private Property—Attica—Sparta. Administration of Justice—Laws referring to Trade. Establishment of Cities—proper situation for Commercial Cities—Athens—Corinth—Syracuse. Markets and Fairs—Festivals. Ancient Legislation with regard to Fairs. Money—Coin—Bankers—Rise and Progress of Banking. Commercial Character of the Greeks.

Lecture III.—*The Commerce of Tyre and Carthage.*—Origin of Navigation. Rise of Tyre and Carthage. Influence of Navigation on Commerce—Advantages of an Insular Situation—Ships of the Ancients—Long Voyages—Carrying Trade. Manufactures—Weaving—Dyeing—Working of Metals—Pottery—Tanning. Colonies—Colonial Trade—Rate of Wages—Emigration. Accumulation of Capital—Credit—Bottomry—Partnerships—Joint-Stock Companies. Commercial Character of the Carthaginians.

Lecture IV.—*The Commerce of Ancient Rome.*—Origin of Agriculture. Characteristics of an Agricultural and a Commercial State of Society. Agriculture of the Romans—Influence of Agriculture on Commerce. Wars of the Romans—Influence of War upon Commerce. Slavery of the Romans—Influence of Domestic Slavery upon Ancient Commerce. Conquests of the Romans—Influence of extended Empire upon Commerce—Principles of Free Trade. Roman Money—Copper the Standard of Value—Depreciation of the Currency—Bankers. Roman Roads—Transmission of Letters. Marine Insurance—Assurance of Lives. Commercial Character of the Romans.

Lecture V.—*The Commerce of the Ancients with the East Indies.*—Origin of Luxury. India—Its Social Institutions. Productions—Spices—Silks—Aromatics—Precious Stones—Fruits. Indian Commerce previous to the time of Alexander the Great. Conquests of Alexander. Alexandria founded. Conquest of Egypt by the Romans. Silk sold at Rome for its weight in gold. Conquest of Egypt by the Mahometans. Importation of Silkworms into Europe. Discovery of the Passage to India by the Cape of Good Hope. Exportation of Bullion—Principles of the Foreign Exchanges. Sketch of the History of the Indian Trade to the present day. Conclusion.

Previous to my departure from Waterford, the members of the Institution requested me to sit for my portrait, which was taken, with the view of being placed in the Lecture-room of the Institution. They also passed some complimentary resolutions, which were handed to me in a

very courteous letter from Mr. Wyse. The resolutions and the letter, with an account of the origin and progress of the Institution, were published by me in the year 1836, as an Appendix to my "History of Banking in Ireland."

### 3. *The Waterford Chronicle*, June 9, 1835.

"We have before us a most interesting work from the pen of Mr. Gilbert, entitled, 'The History and Principles of Banking.' This subject, which is generally considered abstruse and recondite, has been, by the pen of Mr. Gilbert, rendered so plain, that the most ordinary capacity may easily comprehend it. It requires such a man as the Manager of the London and Westminster Bank to produce this work. A speculative theorist, no matter how acute his intellect, must have failed in presenting us with those forcible details which belong only to the practical man, whilst to the mere man of business, that power of combination and mastery of language must have been wanting, which the literary abilities of Mr. Gilbert have enabled him to bring to bear upon the subject. The peculiar interest which it possesses, is owing, as the author truly states in his preface, to the circumstance of its being a scientific work, written by a practical man. 'The History and Principles of Banking' should be in the hands of every man who wishes to be acquainted with the manner in which the money transactions of this great country are carried on."

### III. THE BANKERS' MAGAZINE FOR 1844.

"CURRENCY PORTRAITS.—James William Gilbert, Esq.—Few men have laboured more earnestly to improve the banking system of this country than Mr. J. W. Gilbert, the General Manager of the London and Westminster Bank, and the subject of our present article. We believe we shall be gratifying our readers by laying before them a brief sketch of his career as a banker, and of his claims as an able and successful advocate of banking interests. \* \* \*

"Having thus briefly noticed his career as a *Practical Banker*, we may now refer to him as a writer and an Essayist on the Currency, in which characters he appears to us to be far superior to many whose names at present are regarded as more important authorities, but whose principles, we think, will hereafter be found to rest on a much less solid foundation than those of Mr. Gilbert. The most complete development of his opinions on the principles which ought to govern the circulation, is to be found in his evidence given before the Committee of the House of Com-

mons, on Banks of Issue, in 1841. He was four days under examination, and his evidence is more voluminous, and embraces a greater variety of topics, than that of any of the other witnesses. He, together with Mr. Vincent Stuckey, of Bristol, were appointed by the Committee of Deputies of Joint-Stock Banks, to lay before the Parliamentary Committee of 1841, their views on the subject of the Currency; and we believe both gentlemen acquitted themselves to the entire satisfaction of their constituents, and the great body of practical bankers generally.

"Mr. Gilbart is the advocate of sound 'Banking Principles,' as distinguished from what are commonly known as 'Currency Principles.' He maintains that the system of banking which admits of a note circulation convertible into coin at the will of the holder, issued by separate banks, and regulated by the demands of trade and commerce, is that which is best adapted to the wants of the country; and that it is to be preferred to the system which is now about to be enforced, obliging all issuers to regulate their circulation entirely by the state of the foreign exchanges. The value of an opinion must depend very much upon the grounds on which it rests; and Mr. Gilbart, in giving his evidence, showed distinctly on what facts he relied in support of his views, and on which, indeed, they were based. His opinions have at least a practical foundation; and those who differ from him have the advantage of knowing precisely what he means,—an advantage not always afforded by theorists on the currency. The official returns furnished by the Bank of England and other banks to the Committee of the House of Commons, on Banks of Issue, in 1840, presented a vast amount of valuable statistics on banking affairs; but, in order to be rendered useful in determining any of the disputed points regarding the circulation, they required to be analysed and arranged. This was done most efficiently by Mr. Gilbart; and the conclusions he has drawn from the tables thus prepared, cannot be satisfactorily disputed until the *data* on which they rest is declared unworthy of attention. In the first place, he satisfactorily showed, from the official returns of the circulation of the country banks in England and Wales, and also in Scotland and Ireland, that it had periodical *regular* fluctuations, which were entirely dependent on natural causes, such as the harvest, the provision trade of Ireland, and so on. Secondly, that the circulation of the Bank of England had also a periodical, and, generally, a regular course of fluctuation, depending chiefly on the payment of the dividends, but liable to be disturbed to a greater extent than the country circulation, by the purchase of bullion, exports of specie, and other circumstances, which could not affect the country issues. Thirdly, that the *aggregate* circulation of the country did not fluctuate with any degree of regularity, and that it did not appear to be con-

trolled by any regularly occurring causes. From these facts Mr. Gilbert drew his conclusions,—that the country and the Bank of England circulation were entirely distinct from each other, and that any attempt to control the one by reference to the other, would be unreasonable and absurd. His own words, however, explain the facts he established so much better than our own, that we shall quote them from his evidence.

“The general conclusion I would draw is, that the Bank of England is governed by certain laws which do not apply to the country circulation; that the country circulation of England is also governed by laws peculiar to itself; that the circulation of Ireland is also governed by laws peculiar to itself; that the circulation of Scotland is also governed by laws peculiar to itself; that those respective circulations are all governed by uniform laws, as is shown by their arriving at nearly the same point at the same period of the year; and therefore that you cannot introduce any system by which all those various circulations, governed by different laws, can be amalgamated into one system; that such a system would be at variance with itself, and would tend to destroy that beautiful system of country banking which now exists in this country; a system which has tended very much to the prosperity of this country,—which, by receiving the surplus capital of different districts, and giving out that capital for the encouragement of trade, calls forth all the natural resources of the country, and puts into motion the industry of the nation, and at the same time supplies a circulation which expands and contracts in each district according as it is required by the trade or agriculture of the district; those expansions or contractions take place at different periods of the year in different districts; the circulation expands when the wants of trade require it, and when no longer wanted it again returns; and I think this beautiful system, in the language of the resolutions passed by the deputies from the Joint-Stock Banks, “has greatly promoted the agriculture, trade, mining, and general industry of the nation, and that equal advantages cannot be produced by one bank of issue.”

“The other chief points established by his evidence we may also quote in his own words, premising that he offered proofs for each of the conclusions he arrived at. He said, on finishing his evidence:—

‘The points upon which I wish to be considered as speaking the sentiments of the Joint-Stock Banks are as follow:—I speak the opinions of the Joint-Stock Banks, in saying that their circulation cannot be made to fluctuate in exact conformity with the circulation of the Bank of England, or with the stock of gold in the Bank of England; that the country issue is drawn out by the demands of trade, and is subject to checks to which the circulation of the Bank of England is not liable; that the country

bankers have not the power of issuing their notes to excess ; that they cannot contract their circulation or expand it as they please ; and also, that the country circulation does not influence the price of commodities, and that it cannot be regulated by the principle of the foreign exchange. I speak the opinions of the Joint-Stock Banks when I say, that the abolition of the country circulation would cause very considerable distress ; would limit the power of country banks to grant the same accommodation to their customers ; would compel many of their customers to sell their property, thus lessening the value of real property ; that country bankers would be compelled to increase their charges to their customers ; and, in some cases, that those banking establishments would be altogether abolished, in consequence of not being able to supply sufficient profit for carrying them on ; that, in some other cases, however, the country circulation would be substituted or superseded by a bill circulation, nevertheless, considerable distress would exist throughout the country ; and that not only country banks themselves, but their customers and the public in general, would be subject to very considerable loss and inconvenience.'

" We have preferred quoting Mr. Gilbart's opinions on the Currency, from his evidence before the Parliamentary Committee ; but he is known in banking circles as an able *writer* in support of the principles he there maintained. His career as an author commenced, we believe, with the publication of his ' Practical Treatise on Banking,' in 1827 ; the value of which is sufficiently proved by the several editions of it that have been sold. His next work, ' The History and Principles of Banking,' appeared in 1834, and was followed, a couple of years after, by the ' History of Banking in Ireland,' and, in 1837, by the ' History of Banking in America.' It is needless for us to make any observation on these useful works ; their extensive circulation has already proved that they are duly appreciated. We cannot help observing, however, that in every one of them the partiality of the author for what is practicable and useful, in preference to the merely speculative and theoretical, is very apparent. In addition to the works we have enumerated, he is the author of several publications which have appeared anonymously. A little *brochure*, entitled ' Ten Minutes' Advice to the Middle Class of People about keeping a Banker,' published by Tyas, in 1839, was written by him ; and it would be a good investment for bankers to purchase a few thousands, and distribute them to parties who are ignorant of the advantages which banking affords to tradesmen and small capitalists. In the beginning of 1840, he published a pamphlet, entitled ' An Inquiry into the Causes of the Pressure on the Money Market during the Year 1839.' He also wrote an elaborate ' Review of some of the Principles and Plans that have recently

(1841) engaged Public Attention with Reference to the Administration of the Currency,' which appeared in the *Westminster Review*—and an article on 'The Laws of the Currency,' in the last April number of the *Foreign and Colonial Quarterly Review*, which engaged much attention. He is also a contributor occasionally, we believe, of articles on monetary affairs to the *Morning Herald*, as some letters, signed 'Nehemiah,' have been ascribed to him; and he was formerly supposed to be connected with the banking department of the *Atlas*. Lastly, we may add, the *Bankers' Magazine* has also had the benefit of his pen. This brief notice of his literary exertions will sufficiently indicate the active character of his mind; and we hope the readers of the *Bankers' Magazine* may often have the advantage of his assistance and advice."

#### IV. THE JOINT-STOCK BANKS.

The following extract is from a long article in the *Pictorial Times* of March 7, 1846 :—

"It may be mentioned that, amidst the various and onerous engagements to which we have alluded, Mr. Gilbart has found time for the preparation of many valuable works on banking and the currency, which are characterised by the ability which might be anticipated from his long-trying sagacity and extensive experience. It is gratifying to add—not only from the acknowledgment it affords of his personal services, but for the encouragement such services yield to enlightened and honourable exertion—that Mr. Gilbart was presented, on Wednesday last, with a service of plate, accompanied by the following address :—

"To James William Gilbart, Esq., General Manager of the London and Westminster Bank.

"Sir,—A committee of joint-stock banks having been appointed in August, 1844, to devise some means of giving expression to their sense of obligation for your invaluable services in the cause of sound public banking establishments, I have the honour to inform you, that they have selected for presentation to you, a silver ewer, tea service, and salver.

"These articles I have now the pleasure of handing to you, respectfully begging your acceptance of them as a token, however inadequate, of the appreciation in which your efforts and services in this important field of labour have been held.

"Your time and talents have been energetically and successfully applied, not only in negotiations with the Government, during the

progress of the recent currency measures through Parliament, but on every occasion where you could render service in consolidating the foundations, or giving free scope for the exercise of the legitimate functions, of sound banking establishments.

"Your literary labours on the subject of banking and the currency are too well known and too justly appreciated to require further comment; and your published evidence before successive committees of the House of Commons, clear, practical, and masterly as it is, presents a most useful and applicable mass of knowledge to all interested in banking affairs.

"In conclusion, the committee beg to express their warmest acknowledgment and gratitude to you for your services to joint-stock banks, and banking generally, upon the proper foundation and conduct of which, the interests and welfare of the public are so largely dependent.

"With every feeling of respect, and sincere wishes for your health and happiness,

"I have the honour to remain

"(On behalf of the Committee and Subscribers),

"Your most obedient humble Servant,

"February, 1846.

"CHARLES BROWN, Chairman.

"The Inscription is as follows:—

"Presented by the Joint-Stock Banking Companies of England and Wales, to James William Gilbart, Esquire, the first Manager of the first joint-stock bank established in London, in testimony of their respect and esteem for his character and abilities, and in acknowledgment of the important services he has rendered by his writings and exertions to the cause of joint-stock banking.

"The service of plate exhibited in our engravings has been prepared with great skill and taste by Mr. W. K. Reid, of Bream's-buildings, Chancery-lane."

## V. THE ROYAL SOCIETY.

JAMES WILLIAM GILBART, *elected a Fellow, June 18, 1846.*

## CERTIFICATE OF A CANDIDATE FOR ELECTION.

Qualifications as being { (Name)—*James William Gilbert*  
 (Title or Designation)—*Esquire*  
 (Profession or Trade)—*General Manager of the London and Westminster Bank*  
 (Usual place of Residence)—*Lothbury, London*  
 The Discoverer of \* \* \*  
 The Author of—"The History and Principles of Banking,"  
 "A Practical Treatise on Banking," "The History of Banking in Ireland," &c.  
 The Inventor or Improver of \* \* \*  
 Distinguished for his acquaintance with the science of—  
*Banking and Political Economy*  
 Eminent as—a Gentleman attached to Science and anxious to promote its progress, as evinced by his having been the chief founder and Honorary Secretary of the Waterford Literary and Scientific Institution, and as having delivered Lectures on the History and Principles of Ancient Commerce, the Philosophy of Language, the Agriculture of the West of England, &c. &c.  
 being desirous of admission into the ROYAL SOCIETY OF LONDON, we, the undersigned, propose and recommend him as deserving that honour, and as likely to become a useful and valuable Member. Dated this 6th day of April, 1846.

FROM GENERAL KNOWLEDGE.

FROM PERSONAL KNOWLEDGE.

*Bute*  
*Monteagle*  
*Ben<sup>r</sup> Gompertz*  
*Thomas Chapman*  
*William Tite*  
*Alfred Smee*  
*John Green Crosse, Norwich*  
*G. R. Porter*  
*Tho<sup>r</sup> Tooke*  
*H. Harvey*  
*Edward Kater*

Read to the Society on the 23d day of April, 1846.

To be Balloted for on the 18th day of June, 1846.

*The Fellows of the Society who signed the above Certificate.*

1. The late Marquis of Bute.—He was the Chairman of the first Provisional Committee formed to establish a



joint-stock bank in London. They resolved it should be called The London and Westminster Bank.

2. Lord Monteagle.—As Mr. Spring Rice, M.P. for Limerick, he was a Director of the Provincial Bank of Ireland during the time I was a Manager of that Bank at Kilkenny and at Waterford.

3. The late B. Gompertz, Esq., the Actuary of the Alliance Assurance Company.—“Eminent” for his knowledge of Mathematics.

4. Thomas Chapman, Esq.—Elected a Director of the London and Westminster Bank, by the shareholders, in March, 1846.

5. William Tite, Esq., now M.P. for Bath—Mr. Tite was an early shareholder in the London and Westminster Bank, and took an active part in the General Meetings of the Proprietors. He was elected a Director in the year 1856.

6. Alfred Smee, Esq.—Surgeon to the Bank of England, and a son of the then chief accountant of that establishment.

7. The late J. G. Crosse, M.D.—A Director of the East of England Bank, a joint-stock bank formed at Norwich in the year 1836.

8. The late G. R. Porter, Esq.—Author of “The Progress of the Nation,” and Member of the Council of the Statistical Society.

9. The late Thomas Tooke, Esq.—Author of the “History of Prices,” and a Member of the Council of the Statistical Society.

10. The late H. Harvey, Esq.—An original Director of the London and Westminster Bank.

11. Edward Kater, Esq., son-in-law of H. Harvey Esq.

## VI. THE UNITED STATES OF AMERICA.

1. *The Merchants' Magazine and Commercial Review*, New York.

I believe most if not all my works have been republished in America. In the year 1847 I received a letter from Mr. Freeman Hunt, the Proprietor and Editor of the *New York Merchants' Magazine*, requesting my permission—which he need not have asked, as the English copyright

does not extend to America—to publish my Lectures on Ancient Commerce in his Magazine. They were accordingly published in that work during the year 1848, and were preceded by a memoir of myself, the substance of which was said to be taken chiefly from two articles in the (London) *Bankers' Magazine*, and from my published works. The following critique on the Fifth Edition of my "Practical Treatise on Banking" appeared subsequently in the same magazine :—

"It surveys the entire field of the science of banking, and of the art as practised in England. It is strictly scientific in its arrangement, and attractively artistic in the disposition and finish of its parts. Mr. Gilbart's style is beautifully clear and lucid, blending the brevity and point of a thorough-bred merchant with the beauty and harmony of a finished scholar."—*The New York Merchants' Magazine*."

2. *The Bankers' Magazine and Statistical Register, formerly published at Boston, but now at New York.*

The fifth edition of the "Practical Treatise on Banking" was published in 1851 by monthly portions in the *Bankers' Magazine*. The book was afterwards published separately, and has gone through several editions. Some considerable portion of it, and especially the "Ten Minutes' Advice," have repeatedly appeared in "The Bankers' Almanack," "The Bankers' Common-Place Book," and similar works that are annually published in America. The memoir which was published last January in the *Illustrated News of the World* was reprinted in the May number of the *Bankers' Magazine*, at New York.

The following notices are from the *Bankers' Magazine* :—

"J. W. Gilbart's 'Practical Treatise on Banking.'—The value attached to this treatise in the United States may be inferred from the fact that 1,500 copies have already been sold within the last six months, and that a second edition is called for. This work embraces the most complete exhibits of the Banking systems of England, Scotland, Ireland, and France."

"The Third Section of the Second Part of this work will be found particularly interesting to our American readers, as developing the principles and plans of the London and Westminster Bank (under the management of the writer of the Treatise on

Banking), the London Joint-Stock Bank, the Union Bank of London, the Commercial Bank of London, the London and County Joint-Stock Bank, and the Clearing-house; with an elaborate view of the Country Private Banks, and of the Laws of the Currency with reference to them."

3. *Evening Traveller, Boston, May 21, 1851.*

*"The London Exhibition—Liberal Arrangement.*

"As connected with this important exhibition, it may be well to state that James W. Gilbart, Esq., a London banker (author of a valuable Treatise on Banking, republished in this city), has offered a premium of 100*l.* for the best essay on the following topic:—

*"In what way can any of the articles collected at the Industrial Exhibition of 1851 be rendered especially serviceable to the interests of Practical Banking?"*

"Mr. Gilbart, who offers this premium, is one of the most spirited men in his profession, as well as a public writer. His work on 'Practical Banking' has gone through five editions in London, and has been republished in handsome style in this country. It is the most complete exhibit now extant of the various banking systems of Great Britain and the Continent."

4. *The New York Courier and Inquirer. 1851.*

"'A Practical Treatise on Banking, by James William Gilbart, F.R.S., First American from the Fifth London Edition. George P. Putnam, New York.'

"This book is written by the General Manager of the London and Westminster Bank, and in a very able way treats of banking as an art. This book was designed to be useful to the English public at large, by circulating that kind of information which, as it becomes more widely diffused, would prevent a recurrence of those evils that result from the bad administration of our banking institutions, and certainly will nowhere prove so serviceable as in our own country, where these evils have made themselves felt a thousandfold more grievously than anywhere else. The work is of sterling merit, and has long been a standard authority in England."

5. *The Western Literary Advertiser, Cincinnati, May 15, 1851.*

"'A Practical Treatise on Banking.' By Jas. William Gilbart. New York: George P. Putnam; Cincinnati: H. W. Derby & Co.

"It has become quite customary in this country to consider

banking as a sort of mystery, understood only by a favoured few, and practised for their own special benefit. Men engaged in any other branch of business, are readily admitted to have the privilege of using their own property according to their own notions of right and wrong; and they who make the largest profits are most highly estimated. But the banker appears to be looked upon as an intruder in the business community, and his profits as so much fleeced unjustly from the pockets of his customers. The dealer in iron, in dry goods, in pork, or any other commodity, is at full liberty to take the most exorbitant advances upon his investments which he can find gullible purchasers to give him, and the more enormous his gains, the higher will be his credit; but the unlucky banker who shall be detected in netting more than six per cent. upon his capital, is denounced as a ruthless levier of black-mail upon an abused and defenceless people.

"Perhaps, if this subject were looked into, it would be found that professed money-dealers are quite as honourable in their transactions as any other class, and that those who practise money-lending covertly are the most unprincipled of dealers, while, in fact, they reap none of the odium which falls to the share of the regular banker, or money-broker. Such are some of the prejudices of an enlightened age and a free country.

"If those who have been honestly misled on this subject would read the work now before us, they would see that banking has its laws, like any other business; and also, that of all laws, these are among the most rigid. In banking, the risks are great, the margin for profit small; and success depends upon caution, accuracy, vigilance, and good faith. The banker must have capital and credit both; he cannot dispense with the one or the other. And he must use both his money and his good name with unceasing care—practising a discreet economy for his own safety, and a scrupulous fairness to retain the confidence of the public.

"The work before us is an admirable treatise on banking in all its minute details, written by one who has been long and intimately conversant with the whole routine of the business. The banker will find it a useful manual, and others will be struck with the systematic exactness which enters into all the details of this profession. Indeed, if we were to be called upon to select a business by the practice of which the mind would be trained to method, to scrupulous fairness, and to plain dealing, it would be this; and in proof of this proposition, we only ask him who doubts it, to read this volume. We say *this*, because it is the last, and one of the fullest and clearest treatises we have met with, on the employment of money in banking. We should be glad to see it distributed among our men of business generally, for they would all find in it useful information."

### 6. *The National Intelligencer.*

"GILBART ON BANKING.—This is an able and complete treatise on banking, exhibiting the nature and utility of banking, bank book-keeping, calculations, and all the forms of bank documents, and showing the methods of business in the banks of England, Ireland, and Scotland, public and private. It cannot fail to be instructive to all concerned in the banking operations of our country. As England is the monetary centre of the world, it is desirable to all our bankers to know the machinery of the banks of Great Britain. The last chapter is not the least in importance and interest. It is entitled 'The Moral and Religious Duties of Banking Companies.' 'Property has its duties as well as its rights,' said the late Mr. Drummond; a principle expressly recognised and enforced in the Queen's speech, delivered on the 9th of August, 1845. And it will be found true, that the permanent prosperity of companies, as well as of individuals, can only be secured by acting upon the eternal principles of justice, mercy, and truth. That these have not been the principles of action no one can doubt who has ever heard the proverb, 'Corporations have no souls.' Proverbs never come into being without a firm basis in fact. Directors at a council-board dare do what they would not do as individuals, and a common responsibility comes home to no one. If this chapter be well studied, and its teachings adopted by all the bank directors and bankers of our land, banks would come to be regarded as the fountains of blessings, in the communities in whose property they prosper, and whom they aid and uphold while they are themselves enriched."

### 7. *The Newark Daily Advertiser.*

"A Practical Treatise on Banking. By James William Gilbert, F.R.S., General Manager of the London and Westminster Bank. New York: George P. Putnam."

"This work is written in a neat and very perspicuous style, totally free from terms of science. His course of remark shows the author to have been a judicious practical banker, possessing that best sort of shrewdness, which is founded on an honourable, just, and temperate disposition. The first seven sections comprise a large amount of information, familiar, it is true, to men connected with banking business, yet useful even to them for its mingled, generous, and sagacious spirit, and instructive to all others.

"When Mr. Gilbert arrives at the eighth section, and enters on a discussion of Sir Robert Peel's celebrated Bank Act of 1844, he embarks upon the illimitable, dark sea of gold and silver bullion and paper currency, in which so many writers, and, what is worse, such numerous operators, have been engulfed. But

though an opponent of its policy and provisions, he keeps his temper, sails skilfully through its whirlpools and along its rocks and quicksands, and at last reaches the end of the voyage; but only to embark anew upon a navigation not less difficult,—the administration of the banking department of the Bank of England, and of the joint-stock banks, and an inquiry into the causes of their failures. With the practical details of the administration of banks, which all business men would be benefitted by consulting, Mr. Gilbert concludes the first section of his work.

“The second section is composed of an account of the various banking institutions of England, Scotland, and Ireland, with the mode of transacting business in them; to which is annexed an appendix containing a page or two about the Bank of France, and a mere mention of the law of banking in New York. We cannot dwell on this part of the work; but there is one chapter, the eighth, which deserves to have attention attracted to it for its singularity in a work of this description. It is entitled, ‘The Moral and Religious Duties of Banking Companies.’ And let those narrow-minded men, who know little of banking, and less, if possible, of the immense transactions that take place in Wall Street, in New York, in the course of every day, be hereby informed, that this chapter is not a short one, but occupies the liberal allowance of thirty-seven pages in a volume of four hundred and seventy.

“After a clear decision, that public companies are as much moral agents as individuals are, he investigates and points out those moral and religious obligations which such bodies are bound to perform; and the rewards or punishments which may be expected to follow the performance or non-performance of them. In pursuing these inquiries, the author quotes liberally from the Bible. This may be called the ethical division of his treatise, as the early chapters contained the legal. Who will say that an argument is not necessary to prove that companies have or ought to have consciences, as well as individuals, when it is notorious that they will allow themselves to be guilty without scruple of many practices, for which, in their personal capacity, they would blush with shame?

“‘Banking companies,’ he says, ‘should not take the accounts of disreputable parties. A fraudulent bankrupt should not be allowed to reopen his accounts, even should he plead that, though he had cheated all his other creditors, he had not cheated his banker.’

“‘A public company should not meddle with politics, nor let their influence be employed to produce any political change.’

“‘They should employ none but honourable men to plead any cause in which they may be engaged. Advocates noted for legal quibbling, attacking private character, or browbeating witnesses,

should not be engaged; and their *standing counsel* should be a man of high moral and religious principle.'

"It is peculiarly the duty and the interest of the rich to educate the poor.'

"Being moral agents, public companies, like individuals, are amenable to punishment for transgression; but differ from them in this respect: the penalty is exacted in this world, and consists in the loss of what it is their great purpose to obtain,—wealth. They are punished by a failure of success. Mr. Gilbert thinks, and supports his opinions by an abundance of Scriptural quotations, that the enjoyment of wealth is not necessarily sinful. On the contrary, in the Scriptures, riches and honour are everywhere represented as the rewards of piety and virtue.

"It may be observed in general, that a righteous retaliation appears to be the prevailing principle of the Divine government.'

"Such are some of the sentiments, which are not scattered merely through the book, but form its staple. The highest principles of our nature, and a conscientious sense of absolute duty, pervade it, and are applied to business, whether transacted by individuals or companies; for these are not divested of responsibility, because composed of many persons, who are to share it.

"The work is comprehensive, including the law, and, it may be said with perfect seriousness, the gospel also of banking. Its ethical chapter is, indeed, much broader than this, including every kind of business in its scope. In this respect the volume is a novelty, and an honour to the author; and it cannot but help to improve, what everybody must admit is loudly called for, the morals of business. The writer is in earnest, and must therefore make an impression on his reader. There is sufficient in its pages to make a successful banker, and, more than all, a good man. Let any company preserve the line of conduct therein recommended, and wealth, as well as reputation, will be absolutely certain. Embraced in this single treatise there is a good law-book,—a thorough, historical, and didactic account of banks and banking,—an essay on the money branch of political economy, with two excellent sermons, composing the chapter we have quoted from, at the close. We urge the work upon the studious perusal of the whole community, but especially of the dealers in money."

#### 8. *The Historical Society, New York.*

In the year 1850 I received, through Mr. Freeman Hunt, the following communication from the New York Historical Society:—

"HISTORICAL ROOMS, NEW YORK,

"January 4, 1850.

"SIR,—I have the honour to inform you, that, at a meeting of the New York Historical Society, held at their rooms in the University of this City, on Wednesday, the second instant, you were elected a Corresponding Member.

"The objects of the Society will commend themselves to your attention; and your co-operation is respectfully solicited in the effort to collect whatever may tend to throw light upon the past, as well as to preserve authentic memorials of the present, whether in the form of original manuscripts, printed publications, rare and curious relics, or original essays and papers, illustrating the history of North America.

"The annexed Circular will inform you more particularly of the objects of this Society, and of its present condition.

"I have the honour to be, Sir,

"Your obedient servant,

"JAMES W. BEEKMAN,

"Domestic Corresponding Secretary,  
for the Foreign Corresponding Secretary.

"To James William Gilbert, Esq.,

"London, England."

## VII. FRANCE.

1. "Traité Théorique et Pratique des Opérations de Banque. Par J. G. Courcelle-Seneuil. *Deuxième Edition*, 1853."

*Motto on the title-page—*

"La Banque n'est pas une routine; c'est une science."

"GILBART."

*Extract from the Preface—*

"Les principes fondamentaux énoncés en cet ouvrage et qui en constituent en quelque sorte l'individualité, ne sont point empruntés directement aux livres. Mais j'ai tâché de profiter des discussions et des publications qui ont eu lieu soit en France, soit à l'étranger, sur la matière si délicate et si étendue du crédit public et privé. Galatin et Carey, en Amérique, Ricardo, Tooke et Parnell, en Angleterre, ont jeté de vives lumières sur la théorie générale du crédit. C'est un devoir pour moi de signaler les excellents travaux de M. Wilson dans l'*Economist*, l'histoire de Lawson et surtout les divers ouvrages si éminemment empreints de vues pratiques de M. Gilbert."

Besides several complimentary references to myself in different parts of his work, Monsieur Courcelle-Seneuil has



done me the honour to translate some portions of my writings. These translations are made chiefly from the 4th, 7th, and 11th sections of the first part of my "Practical Treatise," and are introduced in Livre V. on "Maximes et Notions Pratiques," and form a part of Chapitre I<sup>er</sup>. on the "Caractère, Habitudes et Administration du Banquier." They are thus respectively introduced :—

*Caractère—*

"Sur un sujet si délicat, l'opinion, même raisonnée, du premier venu ne saurait jamais avoir la même autorité que celle d'un praticien. Un homme de beaucoup d'esprit qui s'est élevé au premier rang, après avoir passé par les grades inférieurs de la profession, et dont la parole s'autorise d'une expérience de trente-six ans, M. Gilbart, énumère dans les passages suivants les principales qualités nécessaires à un banquier, ou plutôt les faiblesses et défauts contre lesquels il doit se tenir en garde."

*Habitudes et maximes—*

"J'emprunte à un écrivain déjà cité dans ce chapitre la plupart des préceptes techniques de l'art du banquier. On trouvera peut-être ses maximes un peu minutieuses ; mais elles révèlent le praticien, et, en appelant l'attention du lecteur sur des détails que la plupart des hommes dédaignent et négligent trop souvent, elles peuvent avoir une grande utilité."

"Je n'insisterai pas davantage sur les maximes et les préceptes pratiques ; aussi bien la plupart de ces maximes se trouvent répandues dans tout le cours de cet ouvrage et rattachées aux principes qui leur servent de démonstration. Suivant une méthode qui convient mieux à qui ne peut invoquer, comme M. Gilbart, l'autorité d'une longue expérience, j'emprunte encore une citation à cet auteur : elle se rapporte à la conduite que doit tenir le banquier en temps de crise. Les paniques dont il est ici question ne sont, fort heureusement, connues que sur les grandes places, à Londres et à Paris surtout ; mais elles ont leur contre-coup dans les provinces et constituent un des fléaux contre lesquels il importe le plus au banquier de se tenir préparé."

*Administration intérieure—*

"Ici, plus que jamais, nous devons laisser la parole au praticien, voici quels sont ses préceptes," \* \* \*

"Je cite en entier ce passage, bien que plusieurs des préceptes qui y sont contenus se rapportent à des habitudes autres que les nôtres et même à un état social différent. Il y a dans les maximes de ce genre, la part de l'application directe et la part de la comparaison. L'une peut être aussi profitable que l'autre.

"On comprend du reste à merveille, en lisant ces preceptes minutieux fondés sur une observation exacte et délicate, ces études judicieuses sur l'éducation pratique et le gouvernement des hommes, pourquoi certaines entreprises, certaines opérations très-ordinaires chez nos voisins, sont inconnues chez nous : pourquoi par exemple leurs banques, leurs banquiers multiplient leurs agences et succursales, tandis qu'en France chaque maison est isolée et ne songe pas à s'étendre par cette voie."

2. "Dictionnaire de l'Économie Politique ; contenant l'Exposition des Principes de la Science, l'Opinion des Écrivains qui ont le plus contribué à sa fondation et à ses progrès. Avec des Notices Biographiques." Paris : Guillaumen et C<sup>ie</sup>. 1854.

"GILBART (JAMES WILLIAM), administrateur général de la banque de Londres et de Westminster.—A Practical Treatise on Banking, containing an account of the London and Country Banks, the Joint-Stock Banks, &c. (Traité pratique de la Banque, contenant un exposé des faits relatifs aux banques de Londres et de la province, des sociétés par actions, etc. Londres, 1827.) —The History and Principles of Banking (Histoire des principes des banques). London, 1834.

"Bien qu'empreinte de partialité en faveur des banques à actions et ne méritant pas toujours une confiance absolue relativement aux principes, cette publication de M. Gilbert ainsi que les suivantes renferment beaucoup de renseignements utiles, présentés dans un style clair et concis."

The other works referred to are "The History of Banking in Ireland," and "The History of Banking in America." Under the word "Banque" in this Dictionary, my "History of Banking" is repeatedly mentioned as an authority on English banking.

3. "Répertoire Historique des Contemporains." This work, which is now in course of publication, contains a memoir of myself, which is thus introduced :—

"GILBART, ESQ. (JAMES WILLIAM), Membre du Conseil d'administration de la Banque de Londres et Westminster, membre de la Société royale de Londres, publiciste,

"Cette notice est consacrée à l'un des économistes les plus éminents dont s'honore la Grande-Bretagne. M. Gilbert n'est point parvenu à cette position culminante par de spécieuses théories, dont la mise en pratique ruine tout un pays et appauvrit plusieurs générations. Il est encore moins un de ces heureux spéculateurs qui, possesseurs d'une renommée problématique,

croient pouvoir en imposer à l'opinion, parce qu'un jour, à telle heure propice, ils ont fait violence à la fortune, dans l'impuissance de la séduire!

"M. Gilbart est un économiste ayant fondé et administré pendant un quart de siècle un des plus florissants établissements de crédit public de notre époque; c'est un administrateur qui, prenant le rôle d'auteur, a consigné, dans des écrits à la fois savants et populaires, les principes du système inauguré par son initiative, puis maintenu par sa persévérance, ainsi que les résultats féconds d'une expérience consommée.

"Ce qui doit surprendre et même humilier la légèreté de l'esprit français, c'est cette force intime du caractère anglais, s'annonçant d'abord par le sentiment de la dignité personnelle et le respect d'autrui, comptant avant tout sur la volonté d'homme indépendant et de citoyen libre, puis agissant sous les auspices des institutions nationales, soit sur le sol britannique, soit au dehors, avec une résolution, une fermeté et une hardiesse qui ne sont guère dans les habitudes des autres peuples.—Ce trait distinctif du caractère anglais, on le reconnaît de suite dans les actes, dans les travaux de M. Gilbart. Le courage et l'habileté ont ouvert sa carrière; le savoir et la considération générale ont couronné ses persévérants efforts pour le succès d'une entreprise à laquelle semble désormais liée la prospérité des institutions financières de son pays."

#### VIII. THE LONDON AND WESTMINSTER BANK.

1. Extract from the Report delivered by the Directors to the Shareholders on the 20th July, 1859.

"The state of health of our esteemed General Manager has suggested to the Board the expediency of timely relieving him from the duties of an Office he has occupied so much to his own credit and to the satisfaction of the Board from the foundation of this Establishment. The Directors have therefore arranged that Mr. Gilbart shall, at the end of this year, retire upon a pension of 1,500*l.* per annum; surrendering his office of General Manager to Mr. Ewings, who, as the Proprietors are aware, has long occupied the responsible position of Manager of the important Branch of this Establishment at Bloomsbury. Mr. Gilbart's experience will not, however, it is hoped, be lost to the Bank, it being the intention of the Board to recommend him to the Proprietors for appointment as a Director, on the first vacancy."

2. Report of the Directors delivered on the 18th January, 1860.

"The Directors have the pleasure to report that, after making ample provision for all bad and doubtful debts—paying the income tax—setting apart the sum of 2,000*l.* towards the new buildings in Westminster, Bloomsbury, Southwark, and Temple Bar—and presenting a gratuity of ten per cent. on their salaries to all the officers of the establishment—the net profits of the Bank for the last half-year amount to 105,413*l.* 10*s.* 4*d.*

"This sum added to 18,116*l.* 18*s.* 6*d.* the unappropriated balance of preceding half-year, will amount to 123,530*l.* 8*s.* 10*d.*

"Out of this amount the Directors have paid the interest on the Rest or Surplus Fund at the rate of five per cent. per annum, and they now declare a Dividend to the Shareholders at the rate of six per cent. per annum, and by way of further dividend out of the profits, a Bonus of seven per cent. on the paid-up capital.

"After these payments are made, there is an unappropriated balance of 18,881*l.* 17*s.* 4*d.*, and the Directors recommend that the sum of 9,408*l.* 6*s.* 8*d.* shall be added to the Rest or Surplus Fund, which will then amount to 200,000*l.*, and that the balance of 9,473*l.* 10*s.* 8*d.* shall be carried forward to the credit of the Profit and Loss Account for the current half-year.

"The Directors who retire by rotation are John Garratt Cattley, Esq., James Denis de Vitre, Esq., and George Hanson, Esq., all of whom, being eligible, offer themselves for re-election.

"In accordance with the arrangement communicated to the Proprietors at the last half-yearly Meeting, Mr. Gilbert resigned his duties, on 31st December, to his successor, Mr. Ewings; and the Directors recommend that Mr. Gilbert be now elected an extra Director, in anticipation of the next vacancy. A resolution to this effect will be submitted to the Meeting.

#### The Meeting resolved—

"1. That the Report now read be adopted and printed, and circulated among the Proprietors.

"2. That John Garrett Cattley, Esq., James Denis de Vitre, Esq., and George Hanson, Esq., who retire by rotation, be re-elected Directors.

"3. That James William Gilbert, Esq., F.R.S., be appointed an extra Director, in anticipation of the next vacancy.

"4. That the thanks of the Meeting be presented to the Directors for their services during the past half-year.

"5. That the thanks of the Meeting be presented to James William Gilbert, Esq., F.R.S., the late General Manager, to William Ewings, Esq., the present General Manager, to the Managers and Secretary, and to the other Officers of the Bank, for their past services.

"6. That the thanks of the Meeting be presented to David Salomons, Esq., Alderman, M.P., for his able and courteous conduct in the chair."

Dr.

## 3. THE BALANCE SHEET OF THE LONDON AND WESTMINSTER BANK, 31st DECEMBER, 1859.

	£	s.	d.		£	s.	d.
To Proprietors for Paid-up Capital .....	1,000,000	0	0	By Government Stock, Exchequer Bills, and India Bonds .....	1,682,884	13	1
To Amount due by the Bank on Deposits, Circular Notes, &c. ....	11,115,697	2	7	By other Securities, including Bills discounted, Loans to Customers, &c. ....	9,720,939	10	7
To Rest or Surplus Fund.....	185,943	1	10	By Cash in hand .....	1,021,346	9	7
To Balance of Profit and Loss Account, June 30, 1859	18,116	18	6				
To Net Profits of the past Half-year.....	105,413	10	4				
	<u>£12,425,170</u>	<u>13</u>	<u>3</u>		<u>£12,425,170</u>	<u>13</u>	<u>3</u>

Dr.

## PROFIT AND LOSS.

	£	s.	d.		£	s.	d.
To Total Expenditure of the Seven Establishments, including Rent, Taxes, Salaries, Stationery, &c., with a Gratuify of Ten per Cent. on their Salaries to the Officers of the Establishment .....	34,766	6	7	By Balance of Profit and Loss Account, June 30th, 1859	18,116	18	6
To Amount set apart towards the New Buildings in Westminster, Bloomsbury, Southwark, and Temple Bar ..	2,000	0	0	By Gross Profits of the last Half-year after paying the Income Tax, and making provision for all bad and doubtful Debts.....	142,179	16	11
To Amount added to Rest or Surplus Fund by Interest at the rate of Five per Cent. per Annum .....	4,648	11	6				
To Payment of the Dividend now declared, at the rate of Six per Cent. per Annum, for the last Half-year on the Paid-up Capital of £1,000,000 .....	30,000	0	0				
To Bonus of Seven per Cent. on the Capital.....	70,000	0	0				
To Balance of Profit and Loss .....	18,881	17	4				
	<u>£160,296</u>	<u>15</u>	<u>5</u>		<u>£160,296</u>	<u>15</u>	<u>5</u>

Dr.

## REST OR SURPLUS FUND.

	£	s.	d.		£	s.	d.
Present Amount .....	190,591	13	4	Amount on the 1st July, 1859 .....	185,943	1	10
				By Interest on ditto at Five per Cent. per Annum .....	4,648	11	6
	<u>£190,591</u>	<u>13</u>	<u>4</u>		<u>£190,591</u>	<u>13</u>	<u>4</u>

4. A Table\* showing the amount of Paid-up Capital, Annual Profits, Dividends, Surplus Fund and Deposits, of the London and Westminster Bank, on the 31st December in each year, from the opening of the Bank.†

Date.	Paid-up Capital.†			Profits of the Year.			Dividends and Bonuses.			Surplus Fund.			Deposits.
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£
1834	182,255	0	0	3,550	6	6	2,334	18	1	1,205	8	5	180,380
1835	287,270	0	0	11,520	10	0	10,818	12	0	1,997	6	5	266,884
1836	597,265	0	0	32,483	14	1	29,864	0	0	4,527	0	6	643,332
1837	597,280	0	0	32,404	10	8	29,864	0	0	7,067	11	2	793,148
1838	597,280	0	0	43,635	12	11	29,864	0	0	20,839	4	1	1,387,855
1839	597,280	0	0	48,098	3	0	35,836	16	0	33,100	11	1	1,266,845
1840	597,280	0	0	48,951	8	10	35,836	16	0	46,215	3	11	1,361,545
1841	786,300	0	0	51,300	0	9	41,507	8	0	56,007	16	8	1,499,328
1842	800,000	0	0	55,118	14	2	48,000	0	0	63,126	10	10	2,087,757
1843	800,000	0	0	51,696	5	7	48,000	0	0	66,822	16	5	2,219,624
1844	800,000	0	0	51,081	18	11	48,000	0	0	69,904	15	4	2,676,741
1845	800,000	0	0	66,344	1	0	48,000	0	0	88,248	16	4	3,590,014
1846	800,000	0	0	72,175	15	9	48,000 0 0 116,000 Bonus.			98,424	12	1	3,280,864
1847	988,882	0	0	58,223	4	10	54,000 0 0			100,647	16	11	2,733,753
1848	998,768	0	0	62,076	0	0	60,000 0 0			102,723	16	11	3,089,659
1849	1,000,000	0	0	65,120	17	7	60,000 0 0			107,844	14	6	3,680,623
1850	1,000,000	0	0	67,262	17	7	60,000 0 0 15,000 Bonus.			100,107	12	1	3,969,648
1851	1,000,000	0	0	84,044	9	0	60,000 0 0 20,000 Bonus.			104,152	1	1	4,677,298
1852	1,000,000	0	0	85,012	6	9	60,000 0 0 20,000 Bonus.			109,164	7	10	5,581,706
1853	1,000,000	0	0	116,142	13	8	60,000 0 0 40,000 Bonus.			125,307	1	6	6,259,540
1854	1,000,000	0	0	149,219	9	5	60,000 0 0 80,000 Bonus.			134,526	10	11	7,177,244
1855	1,000,000	0	0	159,583	8	5	60,000 0 0 99,000 Bonus.			144,109	19	4	8,744,095
1856	1,000,000	0	0	176,868	7	3	60,000 0 0 110,000 Bonus.			150,000	0	0	11,438,461
1857	1,000,000	0	0	180,196	15	7	60,000 0 0 100,000 Bonus.			158,596	10	9	13,889,021
1858	1,000,000	0	0	180,232	15	8	60,000 0 0 110,000 Bonus.			181,407	17	10	11,465,815
1859	1,000,000	0	0	208,065	12	10	60,000 0 0 120,000 Bonus.			200,000	0	0	11,115,697
1860													
				†			†			†			

\* Copied from the January Reports of the Directors to the Shareholders.

† The Bank was opened at No. 38, Throgmorton-street, on the 10th of March, 1834, with a paid-up Capital of 64,685*l.*

‡ The total Profits of the Bank to December 31, 1859, amount to 2,160,410*l.* 0*s.* 9*d.*; Distributions in Dividends and Bonuses, to 1,950,936*l.* 10*s.* 1*d.*; to Surplus Fund 200,000*l.*; remaining to credit of Profit and Loss Account, 9,473*l.* 10*s.* 8*d.*

5. The profits of the London and Westminster Bank, from its opening until January, 1860.

It appears from the annual reports of the London and Westminster Bank, that if 1,000*l.* had been invested in the shares of that establishment in January, 1834, and sold out at 55*l.* per share in January, 1860, a period of twenty-six years, it would have produced 2,750*l.* It appears also that during this period of twenty-six years, the dividends and bonuses paid on this 1,000*l.* would have amounted to 2,195*l.* The produce of the capital and the dividends and bonuses together would therefore have amounted to 4,945*l.*

If, during the same period, 1,000*l.* had been invested on mortgage at 4*l.* per cent. the party would have received back his principal, 1,000*l.* and 1,040*l.* in interest, making together 2,040*l.*; being 2,905*l.* less than the produce of the investment in London and Westminster Bank shares.

Further, in the year 1841, the holder of fifty shares, on which 1,000*l.* had been paid, became entitled to sixteen shares at par. The party taking these shares would have to pay 320*l.* In January, 1860, they might have been sold for 880*l.* In the meantime he would receive in dividends and bonuses 587*l.* 4*s.* making together 1,467*l.* 4*s.* Had the same sum, 320*l.* been invested on mortgage at 4 per cent. the mortgagee would receive back his principal, 320*l.* and interest, 243*l.* 4*s.* making together 563*l.* 4*s.*

Again, in the year 1847, a holder of sixty-six shares (fifty, and sixteen assigned in 1841), on which 1,320*l.* had been paid, became entitled to sixteen shares at par. The party taking these new shares would have to pay 320*l.* These shares, if sold in January, 1860, would yield 880*l.* and in the meantime would have brought to the holder 465*l.* 12*s.* in dividends and bonuses. If this sum, 320*l.* had been invested on mortgage at 4 per cent. it would have produced in interest 166*l.* 8*s.*

The following table will exhibit a summary of the above transactions :—

	Capital Invested.	Capital Realized.	Dividends and Bonuses.	Interest on the Mortgage.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1834	1,000 0 0	2,750 0 0	2,195 0 0	1,040 0 0
1841	320 0 0	880 0 0	587 4 0	243 4 0
1847	320 0 0	880 0 0	465 12 0	166 8 0
	1,640 0 0	4,510 0 0	3,247 16 0	1,449 12 0

Thus we find that while the capital invested in both cases is 1,640*l.* the produce of the shares is 7,757*l.* 16*s.* or 6,117*l.* 16*s.* beyond the capital, while the interest on the mortgage amounts to only 1,449*l.* 12*s.* The profit on the shares is thus 4,668*l.* 4*s.* beyond the interest received on the mortgage.\*

#### IX. THE MORNING HERALD, JULY 23, 1859.

"It has been a busy week with the joint-stock banks and the discount establishments; and as these have grown up to be a power in the state since the London and Westminster commenced business in March, 1834, their proceedings deserve more than a passing notice. The number of these institutions is periodically on the increase; the old ones have gained public confidence, and their stability is assured; while those which have started later in the race are honourably pursuing the judicious steps of their predecessors, and time alone is required to convert these vigorous saplings into sturdy oaks. To Mr. Gilbert, the talented manager of the London and Westminster, the merit is fairly due of having given a fatal blow to the wholesale monopoly of the Bank of England, and of having extended that system of solid credit without which free trade would have been a meaningless sound. It is announced that this excellent gentleman, after a service of twenty-five years, will shortly retire from his active duties on a pension of 1,500*l.* per annum, which he richly deserves; but we may be permitted to express a hope, shared by many, that in resigning the responsible position he has so long held with advantage to his constituents and honour to himself, he will receive some public testimonial of mercantile esteem. He is

\* The above article was published in the *Bankers' Magazine* for April, 1859, but the calculation was made only to January, 1859. The above is carried to January, 1860. It may be carried to any future time by adding the dividends and bonuses then received since January, 1860, deducting the interest at four per cent. upon the invested capital, and taking the value of the shares at the price of the day.



the founder of a system, which he has organised and matured, and it is comparatively easy to travel on the road which the pioneer has levelled. His persevering industry conquered difficulties which many deemed insurmountable. . . . All these early difficulties have been surmounted; but, in common gratitude, it must not be forgotten that they existed, and had to be removed. A succeeding generation have reaped, and will continue to reap, the benefits of banking reforms, and the energy of the man who founded and consolidated the system ought not to be forgotten. A public service demands a public recognition."

#### X. THE BANKERS' MAGAZINE, AUGUST, 1859.

##### "THE SERVICES OF MR. J. W. GILBART.

"Honour to whom honour is due. The proprietors of the London and Westminster Bank have, in consideration of the eminent services performed by Mr. J. W. Gilbert, determined upon allowing that gentleman to retire from his position as general manager, at the close of the present year, on a pension of 1,500*l.* per annum. It is announced that Mr. Gilbert has been twenty-five years in the service of the London and Westminster Bank, or, in other words, since it first became a feasible project, and has, mainly through his instrumentality, with the aid and co-operation of successive boards of directors, been developed into the present flourishing institution. It is not too much to say that the general manager of this bank has set an example which might be worthily followed by every other joint-stock establishment in the United Kingdom; and the general body of bankers throughout the world owe him a vast debt of gratitude for having by his writings, as well as by his practical assiduity, raised the practice and principles of banking to a science, and given it a vitality which it probably never before possessed.

"It is pleasing under these circumstances to find that the merits of one who has so intimately devoted himself to the elimination of a great and popular system have been thus recognised, and that Mr. Gilbert should have lived sufficiently long to see the highest aspirations of his desires realised, and to ascertain that he can even at this advanced period render services after the full measure of his labours might be supposed to have passed.

"The appointment of Mr. Ewings, his successor to the post of general manager, is hailed with general satisfaction throughout joint-stock banking circles; but that gentleman will not fail to appreciate and avail himself of whatever knowledge Mr. Gilbert can afford him in the performance of his arduous duties.

"It is the intention of the directors to nominate Mr. Gilbert

to the first vacancy at the board, which will be a more graceful mode of acknowledging the value of his experience than the mere pecuniary consideration by which his retirement from fixed official service is accompanied. To those who have had the pleasure of experiencing the benefit of Mr. Gilbert's advice, whether in the high position of general manager or that of a patron of literature, it must be well known how greatly he has contributed to the benefit and comforts of the subordinates by whom he is surrounded; and the example he has set in relation thereto has influenced the conduct and munificence of the other joint-stock banking establishments.

"In rendering this slight tribute of praise to one who has for many years been an ornament to the banking circles of the metropolis, it is to be hoped that he may long survive to enjoy the reward of his great labours, and be found, if possible, more useful in the new position than that which he is about to vacate."

#### XI. THE BANKERS' CIRCULAR, JANUARY 7, 1860.

"The retirement of Mr. Gilbert from the managership of the London and Westminster Bank, is an event in the history of joint-stock banking that should not be passed over without some special notice of the services rendered by that gentleman to the banking world in general, and to the London and Westminster Bank, which he so ably conducted for twenty-five years, in particular.

"In order more fully to appreciate the services rendered by Mr. Gilbert, it is only necessary to state that he was the first who undertook the formation of a joint-stock bank in the metropolis, and this was effected in the face of a deep rooted prejudice in favour of the old private banks, besides the general opinion, then entertained, that the establishment of a joint-stock bank within a radius of sixty-five miles from London was illegal.

"Mr. Gilbert also introduced the principle of allowing interest for money deposited in the bank, which of itself raised him a host of enemies, as such a system had never been adopted by any of the then existing banks. . . .

"Although Mr. Gilbert retires from the active management of the bank, it is intended to offer him a seat in the direction on the first vacancy, as a slight tribute of the respect and esteem in which he is held. His contributions to banking literature, and his unceasing interest in the welfare of all connected with the bank, have placed the commercial body under deep obligations to him. We can, without affectation, offer him our congratulations on the close of his more arduous labours, and trust that he may

be long spared to adorn the direction of the bank, with which his fame is so enduringly associated."

## XII. BANKERS' MAGAZINE, FEBRUARY, 1860.

"MR. JAMES WILLIAM GILBART.

"The first era in the history of joint-stock banks, unconnected with the state, is rapidly drawing to a close. The period belongs to the last twenty-five years, and it has been identified with the names of men who have played no unworthy part in financial circles,—men who have given to the institutions with which they have been connected the impress of their minds and character, and whose genius has been the means of sustaining the great success which undoubtedly marks the modern system of banking. The men who started these joint-stock bodies began their career with the private banks naturally opposed to them, and although they had for many years the advantages of a profound peace, their difficulties have not been the less manifest, nor has the progress of events been free from much that was exciting, unprecedented, and embarrassing. Throughout the time when the whole carrying trade of the country has changed, when the rail has superseded the road, and steam has become a propelling power on every sea,—amidst a series of calamities such as famine, scarcity, and rebellion,—in the great ordeals of the commercial crises of 1847 and 1857—and when the trade, finance, and entire power of the empire has been changed by legislation, by the gold discoveries, and by an unexampled accession of territory through conquest and colonisation, these banks have maintained their position, and those who have conducted them have made for themselves a reputation which should not be lightly regarded, or allowed to pass without public notice.

"Certainly this cannot be the case with the respected name of Gilbert, which must especially be connected with the epoch to which these remarks apply, and the end of which is shadowed by his retirement from the active management of the bank he has so long been associated with. The other great Metropolitan institutions must at no distant date undergo similar changes. Younger men will succeed to the heritage; upon them will devolve the labours, the anxieties and responsibilities of office; and in their turn they will have the opportunity of reaping honours which a veteran like Mr. Gilbert may reasonably lay claim to, and which those who know his achievements most willingly accord as his possession.

"He has been General Manager of the London and Westminster Bank for twenty-six years, in fact, since its establishment. He leaves his post when the public confidence is shown by the

deposits of the bank being 11,000,000*l.*, and when the proprietors are reaping a dividend at the rate of 20 per cent. per annum on their capital, and have a reserve fund of 200,000*l.* Such success is that of only one out of several other large and influential joint-stock banks; and it is no unimportant feature in the finance of the world that these companies alone have deposited with them 36,000,000*l.* of public money, which must be turned over many times in the year, and be the foundation of the most gigantic undertakings in England and other countries which are recorded in history.

"This may truly be said, for exaggeration would not increase the deep sense of importance to be attached to this subject. nor the urgent need that must be felt of having a succession of men to administer the affairs of these institutions who will maintain a high standard, continue for them the character they enjoy, and deliver their trust to those who may follow with an increase of strength and honour. How shall this feeling be promoted? In what way can man be stimulated? Whence shall come the means of inspiring ambition, integrity, and intelligence? In the Senate, and in all departments of the State, a noble emulation is kept alive, and it would be worthy of the greatest commercial country to preserve, as an incentive to others, the names of those who have done 'suit and service' in trade and banking. Their reward should not simply be from proprietors in pecuniary emoluments, or good retiring pensions, nor in being elevated to the direction. These are admirable in their way;—if all that could be wished, Mr. Gilbert has had enough of such honours; for he is singular almost in securing a harvest for his long and honourable labours which few are able to realize. These, however, die with him. They cannot convey to another generation what his work has been—what success he has helped to achieve for joint-stock banks, and what an example his name and influence should furnish to succeeding ages.

"There are in the City and the great commercial arenas many methods of preserving the memory of those who have aided in the progress of trade and banking; yet how seldom these means are availed of! What dreary blanks there are in the Exchange, in the halls of the old City companies, and the great buildings devoted to commerce! A statue or a portrait would perhaps raise a thought about the mighty men, the giants of trade and finance, the patterns of integrity, and the models of enterprise, who have raised the empire to its present greatness, and have stimulated the hope that by such means England especially assists in the great work now going on by which 'the desert shall rejoice and blossom as the rose.' But the age is not great in statues, while of portraits there are too many. Happily, there are other and more useful methods of preserving the fame of men. The

great seminaries of learning, and even the schools within the City of London, offer most appropriate memorials by scholarships for keeping alive the memories and influence of those who should be remembered for their 'work's sake.' Such a memorial to the name of Gilbert would indeed be appropriate. His life was for many years a struggle with difficulties, which he has surmounted, and in the end achieved greatness. His literary labours attest his learning, his talent, and his industry. There are works of his which have passed into standard books, and should be the guides to young, earnest, and aspiring youths. There could, then, be no better means of raising a monument to Mr. Gilbert than by establishing a scholarship; and amidst the 425 banks in the kingdom, and the wide-world influence of his name, the undertaking would not be difficult of accomplishment."

### XIII. THE OFFICERS OF THE LONDON AND WESTMINSTER BANK.

#### "THE LONDON AND WESTMINSTER BANK.

"A Meeting of the Officers of the London and Westminster Bank was held in the Board Room of the Bank in Lothbury, on the 10th of March, 1860, for the purpose of presenting a Testimonial of Plate to J. W. Gilbert, Esq., F.R.S., on his retirement from the Office of General Manager, which he had held from the establishment of that Institution on the 10th of March, 1834. William Ewings, Esq., the present General Manager, who was in the Chair, read to Mr. Gilbert the following Address:—

"To James William Gilbert, Esq., F.R.S.

"Sir,—The Officers of the London and Westminster Bank consider it a duty incumbent upon them not to permit your late connexion with the Bank to be severed, without embracing the opportunity which thereby presents itself of conveying to you their feelings and expressing their obligations for the uniform kindness, courtesy, and friendship you have evinced towards them in your administrative capacity.

"With these impressions a Meeting was held to consider the matter, when it was resolved to request your acceptance of a SILVER CENTRE ORNAMENT, with appropriate inscription and devices, as a sincere yet humble token of the regard and esteem in which you are held by the Subscribers. This Testimonial I have now the honour to present, accompanied with every sentiment of respect.

"The fact of your having been the first General Manager of the first Joint-Stock Bank in London must ever be a source of proud remembrance. The superior talents and personal excellence you have displayed during a period of upwards of twenty-five years

in that capacity are worthy of imitation. Your intimate knowledge and energetic application of sound Banking Principles, both in your administrative and literary character, have not only contributed to the success of similar institutions, but also laid a solid foundation for the establishment, which it is no small gratification to find will still retain your invaluable name under a more exalted title.

“With earnest wishes that you may enjoy many years of uninterrupted health and happiness, I have the honour to remain, on behalf of myself and subscribers,

“Sir,

“Your most obedient humble servant,

(Signed)

“WILLIAM EWINGS,

“Chairman.”

“To this address Mr. Gilbert made the following reply, which, in consequence of the state of Mr. Gilbert’s health, was read by the Secretary, Mr. Fairland:—

“Gentlemen,—I receive with great pleasure the elegant Testimonial which you have now presented to me. It will often recal to my mind many interesting recollections both of persons and events connected with the history of the London and Westminster Bank. It acquires an additional grace from being presented on the twenty-sixth anniversary of the opening of our Bank. Its most sanguine friends never expected that in so short a time we should have acquired so high a degree of prosperity—still less did they expect that it would call into existence so many other Joint-Stock Banks in London that have also become highly prosperous. You judge rightly in supposing that I feel no small gratification in having been the principal officer of this Bank during so long a period of prosperity, and in having contributed, in various ways, to the promotion of the principles of Joint-Stock Banking. The view of this Testimonial will at all times increase that gratification.

“As you refer to the opening of the Bank, I may state that the whole establishment at that time, including Managers and Clerks, numbered only fifteen persons, nine in the City Office, and six at the Westminster Branch. At present the number is two hundred. Of those fifteen, Mr. Cundell, the present Manager of the Marylebone Branch, and Mr. Hume, the Sub-Manager of the Westminster Branch, are the only two who remain in the Service of the Bank. Our first Chief Clerk, Mr. Tapp, who afterwards acted also as Assistant-Manager of the City Office, retired, as you are aware, only a few years ago. Mr. Robertson, our original Accountant, is now Manager of the Frome Branch of the Wilts

and Dorset Bank. Mr. Buist, our Chief Cashier, who came from the Provincial Bank of Ireland, returned at the end of the year to Ireland, to become the Manager of the Branch in which he had been a Cashier. Mr. Scott, the Second Cashier, left us to be Manager of the Devizes Branch of the Wilts and Dorset Bank, and afterwards became the General Manager of that Bank at Salisbury; he is now the General Manager of the Yorkshire Banking Company at Leeds. Mr. Vulliamy, our Cashier at the Westminster Branch, afterwards became Manager of our Marylebone Branch. These were the principal Officers of our young Institution.

“In proportion as my exertions have extended the influence of Joint-Stock Banking, in such proportion, I conceive, I have contributed to the improvement of the condition of Bank Clerks. While we are conscious of the advantages which Joint-Stock Banks have conferred on the Shareholders, on the Depositors, and on the Public at large, we should not forget the benefits they have conferred upon those who are engaged in their practical administration. The Joint-Stock Banks are governed by fixed rules and regulations, and their officers are not dependent for their promotion on the favoritism or caprice of individual partners. They receive no part of their remuneration from the charitable donations of their customers, as that system of alms-giving called “Christmas-money,” is unknown among them. They are in no fear that, after having spent the most active part of their life in the service, they shall be thrown out of employment, and cast destitute on the world, through the failure of the Bank. And they have before them the prospect of attaining a higher degree of social and official rank than can be attained by the Clerks of Private Bankers.

“It is the glory of our system that the young man who now enters our service as a Junior Clerk may hereafter become its General Manager. I am happy to state that not only myself, but all the present Managers and Superior Officers of our Bank commenced their career as Bank Clerks. It may also be stated that many who entered as Junior Clerks in our Bank have become Managers of other Joint-Stock Banks—amongst whom we may mention the following: Mr. Langley became Manager of the Shanghai Branch of the Oriental Bank—Mr. Heyman became Manager of the Bank of Madras—Mr. Stuart became Manager of the Bank of Bombay—Mr. Rennie became Manager of a Branch of the Colonial Bank in the West Indies, and Mr. Barney is now the Manager of the Boston Branch of the Stamford and Spalding Bank.

“But our retrospect is not one of unmingled pleasure. Some of our earliest managers no longer remain in the Bank. Our lamented friends, Mr. Henderson and Mr. Kingsford, were

removed from us by the hand of death. Mr. Vile, Mr. Mitchell, and Mr. Tapp have passed into honourable retirement. But the readiness with which their places have been efficiently supplied, shows that the establishment has within itself ample means of filling up the superior offices whenever occasion may require. So long as this may continue, our customers and shareholders may rest assured that any changes of this kind will make no alteration in the principles on which the Bank is practically administered, nor in any way impair the sources of its prosperity. This remark will apply to my own retirement. It is gratifying to myself, as I am sure it is to you, that I am succeeded in the Office of General Manager by our esteemed friend, Mr. Ewings, who has so long and so successfully filled the office of Manager of the Bloomsbury Branch. It is desirable that this system of promotion should always continue. But you will recollect that "Life is not a Lottery, but a Science." They, therefore, who do not study the science, cannot expect its rewards. They who wish to attain higher offices must previously qualify themselves for the discharge of the duties of the office to which they aspire.

"In exercising the office of General Manager with reference to my colleagues, I have always endeavoured to feel and to act, not as the Master of the Household, but as the Elder Brother of the Family. Indebted to self-cultivation in the days of my youth for the distinctions I have attained, I have been anxious to teach the young men of our establishment how to obtain similar distinctions. I have been gratified to observe that my desire for their welfare has been fully appreciated, and I have at all times received a higher and a more cordial degree of respect than that to which I was entitled by my official rank. And now, when evening has cast its shadows around me, and my sensations tell me that I need repose, I find myself as highly honoured and respected as when, in the maturity of my strength, I bore the burden and heat of the day.

"In conclusion, I again acknowledge your kind feelings in presenting me with this elegant Testimonial, and with uplifted hands I implore for every member of the establishment the blessing of that Providence, by whom my own exertions have been rendered so successful. May you all witness, year by year, with advantage to yourselves and to the public, the increasing prosperity of that noble Institution you have the happiness to serve, and when you too will have to retire from the field of labour, may you receive from those you regard the same expressions of affectionate respect, which you have now so kindly addressed to me."

"After a Vote of Thanks was given to the Committee, the meeting separated.



*"The following is a description of the Testimonial.*

"A HANDSOME SILVER CENTRE-PIECE OR EPERGNE, WITH THREE FIGURES, REPRESENTING 'PEACE, PLENTY, AND COMMERCE,' SURMOUNTED ON A RICHLY-CHASED TRIPOD BASE,—THE FIGURES BEING BEAUTIFULLY MODELLED IN FROSTED SILVER, MAKING A PRETTY CONTRAST WITH THE POLISHED PORTIONS OF THE OTHER PARTS.

"This was accompanied by an Address, beautifully and elaborately illuminated on vellum, surmounted with the coat-of-arms, crest of Mr. Gilbart, and his monogram initials in the border on each side, in rich emblazonments, framed in a carved gilt frame."

#### XIV. THE REVIEWERS.

1827.—"A Practical Treatise on Banking; containing an account of the London and Country Banks, exhibiting their system of Book-keeping, the terms on which they transact business, their customs in regard to bills of exchange, and their method of making calculations. Also a view of Joint-Stock Banks and the Branch Banks of the Bank of England; likewise ample information respecting the Banks of Scotland and Ireland; with a summary of the evidence delivered before the Parliamentary Committees, relative to the suppression of notes under five pounds in those countries."

This work, with the above title, was published in May, 1827. It was soon afterwards quoted and commended by Mr. M'Culloch, in his "Commercial Dictionary." The second edition was published in January, 1828, when I was Manager of the Kilkenny Branch of the Provincial Bank of Ireland; the third, in December, 1834, after the opening of the London and Westminster Bank; the fourth, in October, 1836; and the fifth, in July, 1849, when it was enlarged and published in two volumes octavo. The sixth edition was published in December, 1855. It was the last edition that called forth the following criticisms:—

"The impetus given of late to the principle of joint-stock banking has suggested to Mr. Gilbart the desirability of a new edition of his 'Treatise on Banking.' The last edition of the work was published in 1849, and in the present publication the author has given the history and statistics of all the joint-stock banks in London down to the present time, with remarks on the laws of the currency as they refer to the banks of England,

Scotland, and Ireland, together with information relating to the proceedings of the committee of deputies from the joint-stock banks, and remarks on the alterations in the law relating to stamps and bills of exchange. Mr. Gilbert's treatise is a valuable and practical work. The success which has attended the operations of those joint-stock banks of which the author was one of the earliest and most successful managers, is a proof that the principle to which he has given his adhesion, and which he has largely contributed to develop, is the soundest yet introduced to the public. To the banking community Mr. Gilbert's treatise will be found extremely useful, based as it is upon a practical experience of the actual working of one of the most successful joint-stock banks of which the history of commerce has any record."—*Morning Post*.

"It is a complete manual of banking, and a useful book of reference upon all subjects connected with the circulation and currency. No technical term is left unexplained, no practical detail appears to be omitted, and it should be read by every shareholder of a bank, every depositor, and above all, by every one interested or taking part in the discussion as to the position and action of the Bank of England."—*Daily News*.

1834.—"The History and Principles of Banking." The first edition of this work—written in Ireland—was published in January, 1834, after I had accepted the office of Manager of the London and Westminster Bank, but before the bank was opened. The second edition was published in April, 1835, and the third in June, 1837.

"Combining a clear appreciation of the science of banking with the best practical knowledge of his business, we have seen no work on this subject which better deserves to be consulted and studied than Mr. Gilbert's volume."—*Literary Gazette*, Feb. 22, 1834.

"A more complete and accurate work with less irrelevant matter we never read."—*Gentleman's Magazine*, October, 1834.

1836.—"The History of Banking in Ireland." This work, written chiefly in Ireland, was published in May, 1836, a time when several new banks for Ireland were projected, and some established.

"It is a valuable statistical work, and a desirable appendix to his 'History and Principles of Banking.'"—*Gentleman's Magazine*, July, 1836.

"It is a useful book for those who are anxious for practical information touching the money matters of the sister kingdom,

or who wish, by investigating her banking system, to track her slow and late progress in commerce and civilization."—*Spectator*, July 30, 1836.

1837.—"The History of Banking in America; with an inquiry how far the Banking Institutions of America are adapted to this country; and a Review of the causes of the recent pressure on the Money Market." This book was published in June, 1837. The last part was written to repel the accusations advanced in Mr. Horsley Palmer's pamphlet on the "Causes and Consequences of the Pressure on the Money Market," in 1836, against the joint-stock banks.

"The 'History of Banking in America' contains an interesting account of the banks in this country from the charter of the Bank of North America, in 1781 to the close of President Jackson's second term of office. The design of the work is to point out the peculiarities of the American system of banking, and to inquire how far that system is adapted to England."—*Merchants' Magazine*, New York.

1838.—During the greater part of this year, I wrote an article almost weekly, which was published in the banking department of the *Atlas*. The topics were chiefly those suggested by the Report of the Secret Committee of the House of Commons upon joint-stock banks. Some of these articles have been republished in my "Logic of Banking."

1838.—In the latter end of this year, after the formation of the Joint-Stock Banking Association, I wrote a Circular Letter to the Joint-Stock Banks, respecting the imperfection of the laws relating to them; and afterwards another to the Government upon the same subject. These letters were adopted by the "Committee of Deputies," and signed by the Chairman, P. M. Stewart, Esq., M.P.

1839.—"Ten Minutes' Advice to the Middle Class of People about Keeping a Banker." This little work was published in the year 1839, "By a Practical Banker." In the year 1849, it was merged in the fifth edition of the "Practical Treatise."

"An American edition of this work might be circulated among persons who are ignorant of the advantages of banking, with

great benefit, not only to banks themselves, but also to the class for whom it is written.”—*New York Merchants' Magazine*.

1840.—“An Inquiry into the Causes of the Pressure on the Money Market during the year 1839.” The greater part of this pamphlet originally appeared in the *Atlas*, in the beginning of the year 1840.

1841.—“Currency and Banking.” A review of some of the principles and plans that have recently engaged public attention with reference to the administration of the currency. This article first appeared in the *Westminster Review* for January, 1841. The works placed at the head of the article were the “Report on Banks of Issue,” and pamphlets by Joseph Hume, M.P., Samuel Jones Loyd, J. W. Gilbart, Thomas Tooke, F.R.S., R. Torrens, F.R.S., Robert Bell, and Samuel Bailey, author of “Money and its Vicissitudes in Value.”

1844.—“The Laws of the Currency.” I wrote an article with this title, which was published in the April number of the *Foreign and Colonial Quarterly Review*. It is a systematic arrangement and expansion of the evidence I gave on the subject in 1841 before the Committee on Banks of Issue, and a reply to some animadversions on the evidence made in a pamphlet on “The Currency and the Country,” published by John Gillibrand Hubbard, Esq.

1845.—“The Letters of Nehemiah,” published in the *Morning Herald*. Letter I. “The Defects in the Law relating to Joint-Stock Banks.” II. “The Effects of a sole Bank of Issue.” III. “The General Effect of Sir Robert Peel’s Measures upon the Joint-Stock Banks.” IV. “The Effect of Sir Robert Peel’s Measures upon the System of Banking in London and throughout the Country.” The first was written in December, 1843, a short time previous to the meeting of Parliament. The second in January, 1844, when an impression prevailed that a plan would be proposed for the establishment of one Bank of Issue. The third (May, 1844), immediately after Sir Robert Peel had announced his measures in the House of Commons, and before the deputies from the joint-stock banks had held their meeting for the purpose of considering them. And the fourth (July 27, 1844), after

those measures had become law. These letters were, in January, 1845, printed together—not published—and circulated among the joint-stock banks.

1845.—“An Analysis of the Returns made to the Commissioners of Stamps and Taxes by the Private and Joint-Stock Banks of London in January, 1845, pursuant to the Act 7 & 8 Vic. c. 32.” This pamphlet was published in May, 1845. As it contained the first returns of the names of the partners of both the private and the joint-stock banks in London, made under Sir Robert Peel's Acts of 1844, it excited great interest, and nearly the whole of the “Analysis” was copied on successive days into the City article of *The Times*.

1846.—“The Moral and Religious Duties of Public Companies.” This essay was printed in the beginning of the year 1846, “for private distribution among such of the author's friends as were in a position to influence the conduct of public companies.” In the year 1849 I introduced it as a section into the fifth edition of my “Practical Treatise on Banking.”

“We take pleasure in extracting a few passages from a book entitled, ‘The Moral and Religious Duties of Public Companies,’ which was printed for private distribution in 1846, and is understood to have been written by Mr. Gilbart. The rules of action here recommended would, if adopted, be found an excellent substitute for the souls of which corporations are supposed to be destitute. It is a proof of Mr. Gilbart's high sense of duty that it should have occurred to him to write a book of this kind.”—*Merchants' Magazine*, 1848.

1847.—“Lectures on the History and Principles of Ancient Commerce.” These lectures were delivered in Waterford, when I was the Manager of the Waterford Branch of the Provincial Bank of Ireland. In the year 1847 I printed them, in the first instance for presentation to my friends, and afterwards published them. In the year 1848 they were published at New York in the *Merchants' Magazine*. In the year 1853 I published a new edition, but without any alteration. In 1856 they were translated into French, and published in Paris. Gillaumin, 14, Rue Richelieu.

"The broad principles of trade as expounded by political economy are blended with the facts relating to ancient commerce, and both these subjects are intermingled with general laws of ancient history as well as of the morals proper to men of business."—*Spectator*.

"Mr. Gilbart has evidently studied his subject. He writes forcibly and well, and has collected together a mass of useful information, well digested, and lucidly arranged. The Preface contains this suggestion, namely, that public lectureships should be established by the Government in any general system of national education. We do not believe that such a system would be found to operate beneficially, but if we could be assured that all the lectures would be as meritorious as those now before us, then our objection, to a great extent, would be removed."—*Morning Post*.

"The style of Mr. Gilbart is pure and simple, but there are many indications of his capacity to rise to the elevation of the loftiest eloquence. His selections are discriminating, and the classification of the whole subject is marked by a rare judgment. Nor should we omit to state that the moral he inculcates is of the noblest character, admirably calculated to dignify the pursuits of commerce, by impressing upon the trader the duties of honour and probity."—*Douglas Jerrold's Weekly News*.

"We must testify our very high admiration of this work. As a piece of authorship, it is very superior; clearly, strongly, convincingly written; abounding in valuable facts and just principles, and pervaded by a fine spirit of generous philanthropy. It were well to have such lectures as these delivered in every part of our land."—*British Banner*.

1849.—"A Practical Treatise on Banking." The fifth edition, greatly enlarged, was published in two volumes octavo, in July, 1849. This enlargement arose from the introduction of discussions upon the pressure of 1847, and the Reports of the Committees of the Houses of Lords and Commons upon the Causes of the Commercial Distress. In this edition, too, was included "The Moral and Religious Duties of Public Companies," and "Ten Minutes' Advice about Keeping a Banker."

"Mr. Gilbart's works on banking have attained a just celebrity. Plain and practical, they are suitable to the character and position of the writer, and to the wants and inclinations of the banking and mercantile community, for whom they are chiefly intended. They are not, however, without much interest for every inquiring mind, while for statesmen and political economists they are sources

of much useful and even indispensable information. The present work treats of banking as an *art*, and its merits have already been recognised by the public. The principal characteristic of Mr. Gilbert's book is, practical common sense, a due subordination of all the parts of the subject, so that none has an undue prominence; which, being joined with a perspicuous style, accounts for the favour his works have deservedly met with."—*London Economist*.

"These two volumes will prove highly interesting to all classes of readers, and inculcate a useful knowledge of the monetary system of the British empire. It is an excellent and informing work, in a clear and straightforward style."—*United Service Gazette*.

1850.—"The Philosophy of Language"—a Lecture delivered to the Waterford Literary and Scientific Institution, in November, 1832—was printed this year for distribution among my friends. In January, 1854, I published it as an Appendix to the fourth edition of my "Logic for the Million."

1851.—"Logic for the Million; a familiar Exposition of the Art of Reasoning." I published the first edition in May, 1851; the second in October, 1851; the third, May, 1852; the fourth, January, 1854; the fifth, July, 1857; and the sixth in May, 1860. I did not prefix my name to the first and second editions; they were published "By a Fellow of the Royal Society." The commendations of the first edition were so numerous, that the short extracts taken from each occupy four pages which I have prefixed to the sixth edition of the work.

"To all who desire a clear, common-sense, and eminently practical system of logic, and do not object to the volume that contains it comprising also a most entertaining series of extracts from some of the ablest pieces of modern argumentation, we heartily commend this 'Logic for the Million.' We know not where a young man desirous of self-cultivation could more certainly or more pleasantly find it than in this volume. He will only have himself to blame if he does not rise from its study with clearer thought, invigorated powers, and a mind enriched by some of the best good sense of our best writers."—*Weekly News*.

"We hope that 'Logic for the Million' will be read by the million; it will advance their knowledge and improve their taste, their style of writing, and their skill in reasoning."—*Economist*.

1852.—“The Elements of Banking, with Ten Minutes’ Advice about Keeping a Banker.” After my “Practical Treatise” had grown into two volumes, I received application to recommend some small book that should give a short account of the principles and practice of banking. As I knew of no such work, I determined to publish one. This little work, composed at first almost entirely of extracts from the “Practical Treatise,” was published in October, 1852; the second edition in April, 1854; the third in August, 1855; and this, the fourth edition, is published on the 10th of October, 1860—the twenty-seventh anniversary of the day on which I accepted the office of Manager of the London and Westminster Bank.

“A most interesting and valuable little work, written by one of the highest authorities in the land on financial matters. We can safely aver that the ten minutes spent in attending to the advice of Mr. Gilbert will prove about the best-employed ten minutes in any man’s life.”—*Illustrated News of the World*.

“This little work on banking is just what it professes to be, inasmuch as from its pages a child just taught to read may learn the whole science of banking, from its mere A B C to the most intricate and wonderful ramification of the system, so truthful, yet so clear and simple, is the language and the doctrine. And the full-grown man, but particularly the student of finance and banking, the embryo bank clerk, and aspirant for bank honours, and, in sooth, the trader and the merchant, may peruse the pages of this masterly production, provided they take our author’s advice, with much profit and advantage. No man is so competent to teach the community the mysteries and the science of banking, or to proclaim its manifold benefits, as the esteemed, experienced, and talented general manager of that great confederation, the ‘London and Westminster Bank,’ which, unquestionably, owes much of its success to the business arrangements which Mr. Gilbert framed at the outset of its career. As an elementary text-book and instructor this treatise has never been surpassed. Let us add that the book contains an unmistakable portrait of Mr. Gilbert himself.”—*City Press*.

1852.—The British Association for the Advancement of Science held their meeting this year at Belfast. I attended, and read to the Statistical Section a paper on “The Laws of the Currency in Ireland,” which was afterwards printed in the “Journal of the Statistical Society of London.”



This year I printed for private circulation among my friends a little work on "The Social Effects of the Reformation," taken from a reply I wrote in the years 1822 and 1823 to Mr. Cobbet's "History of the Reformation."

1854.—The British Association held their meeting this year at Liverpool. I delivered to the Statistical Section a paper on "The Laws of the Currency as exemplified in the Circulation of Country Bank Notes in England," which was afterwards published in the "Journal of the Statistical Society." This Article is quoted in Messrs. Tooke and Newmarsh's "History of Prices," and introduced with the following observations:—

"The whole of the questions relating to the country circulation, not only as regards the changes which have taken place in the statutes affecting it, but also as regards the general laws which determine the periods and range of its fluctuations, have been so well and lucidly discussed by Mr. Gilbart, in a paper on 'The Laws of the Currency,' contributed to the Statistical Journal (vol. xvii.) of December, 1854, that I have been led to transfer to this Appendix a very considerable portion of Mr. Gilbart's statements. It will be found, I think, that but little could be added with advantage to Mr. Gilbart's labours."

1855.—"Logic for the Young." I published this in January, 1855. It consists entirely of extracts from the "Logic of Dr. Watts."

"This is as good a shilling's-worth of instructive reading as one can easily meet with. The work is not an abridgement, but consists of selections from 'Dr. Watts's Logic,' given for the most part in his own words, and so as to present a complete system, though in a brief and condensed form. Dr. Watts's faculty for communicating instruction to the young has rarely been equalled. Of his original work, Mr. Gilbart remarks: 'The Logic of Dr. Watts was not only received into both our Universities, but, for above a century, was a great favourite with the public. No other work on the subject ever obtained so extensive a circulation.' Mr. Gilbart has shown himself, in his own works, well qualified for the office of a public instructor; but we think he has done wisely and well in drawing on these old and neglected treasures. It is pleasant to see the venerable doctor thus enabled to resume his labours among the youth of a new generation. We wish him a hearty welcome in his new dress, and cordially commend this clear and brief compendium to instructors of youth."—*Patriot*, April 12, 1855.

The British Association held their meeting this year at Glasgow, and I sent to the Statistical Society a paper on "The Laws of the Currency in Scotland," which was afterwards published in the "Journal of the Statistical Society of London."

In this year I delivered to the Statistical Society of London a paper entitled, "A Ten Years' Retrospect of London Banking," being a comparison between the private and joint-stock banks of London as they stood in January, 1845 (when the returns were first published), and as they stood in January, 1855.

At the end of this year I published the sixth edition of my "Practical Treatise," and took the opportunity of publishing separately, for private distribution, a new edition of the "Moral and Religious Duties of Public Companies."

1856.—The British Association held their meeting this year at Cheltenham. I sent to the Statistical Section a paper on "The Family Principle in London Banking." It was read and discussed, but not published.

1857.—In January of this year, I printed for private circulation "The Philosophy of History," a work I wrote in the summer of 1826, but which had never been published. In May I printed also for private distribution "The Preacher and the Platform," some essays I had written on preaching and platform-speaking in 1823, and which were then published anonymously in one of our cheap periodicals.

1859.—"The Logic of Banking." In the beginning of the year 1857 I had a severe attack of bronchitis, by which I was so enfeebled, that I was convinced the time had arrived for me to reduce my intellectual labour. I had for several years previously employed my fragments of leisure in writing this work. I now determined to bring it to a close, and then to retire from my post as a writer in favour of joint-stock banking. But the Committee of the House of Commons on the Bank Acts in 1857—the suspension of the Act of 1844, at the end of 1857—the re-appointment of the Bank Acts Committee in 1858—and the accusations brought, directly or indirectly, by some distinguished men, against the joint-stock banks of London—induced me to write an additional

section in reply to those accusations. The work, however, was finished by the end of 1858, and I then closed the Preface in the following words. Before, however, I copy this paragraph, I wish to inform the reader that none of the books and papers that have now passed under his review were written during the hours of business, nor yet on a Sunday.

"I now bid my readers farewell. This is the last work I shall compose on the art or the science of banking. It was in December, 1825, immediately after the memorable panic, that I first saw myself in print on this subject; and no small portion of the leisure, snatched from the engagements of an active life, has been devoted to the exposition and vindication of the principles which at that period were, for the first time, urged with resistless force upon public attention. Those principles are now in the ascendant. Should they require any further literary advocacy, I shall leave the task to younger men. As a writer on banking, my career is now closed."

"Mr. J. W. Gilbart has been General Manager of the London and Westminster Bank since its establishment a quarter of a century ago. By such a service this gentleman has proved his right to discuss banking, and he has also proved it many years ago by publishing sound views of banking principles when they were not recognised so commonly as they are now. He this Christmas finally balances his account with the public as a writer, in a book on 'The Logic of Banking.' It begins with an odd dissertation upon logic illustrated out of the author's former volume upon banking, but does not end without having shown the reader that he gets his information from a man who has studied logic to good purpose. Mr. Gilbart puts his doctrine in the clearest form, and writing pleasantly as well as tersely, with a peculiar blending of the characters of the logical man of business and the friendly gossip, teaches accurately a great deal, without imposing any special toil of thought upon his reader."—*The Examiner*, January 15, 1859.

"It must not be supposed that the 'Logic of Banking' treats of logic only in so far as it is applicable to the practice and experience of banking; it is a full and complete treatise upon the science of logic itself, only that the illustrations—with which every book on logic abounds—instead of being taken from every subject under heaven, are in all cases taken from the author's writings on banking. The consequence is, that while the student in logic acquires a competent acquaintance with the true method of reasoning, he acquires also, by dint of the examples, a pretty

tolerable amount of information on all that relates to the various dealings with his banker, and that told in a clear and easy manner. In his preface the author informs us that this is his last contribution to banking literature. We are sorry to hear it; but we must own that, not in this volume only, but in his other treatises, he has done good service to his country, and is now fairly entitled to an honourable repose."—*Morning Herald*.

## CONCLUSION.

The Memoir states—

"An excellently-written history of the undertaking was produced by Mr. Gilbart in 1847, which was printed for private circulation." See page 131.

The work referred to in the above terms is entitled, "A Record of the Proceedings of the London and Westminster Bank during the First Thirteen Years of its Existence; with Portraits of its Principal Officers."

My object in writing this work was, to preserve authentic copies of the original documents issued by the Company—to give an exposition of the principles on which the bank was originally founded,\* especially of those new principles it had introduced into the practice of London banking—and to show my regard for my early colleagues, whose portraits I associated with my own.

The work was dedicated to the Directors in the following words:—

"To the Directors of the London and Westminster Bank (the first joint-stock bank established in London), this volume, containing a record of the progress of the institution which they have so successfully governed, and portraits of officers whom they appointed to conduct its practical administration, is most respectfully inscribed, by their faithful and obedient servant, James William Gilbart."

The work was beautifully printed in large quarto, and all the portraits were at the time deemed to be good likenesses. The edition was limited to 150 copies. These were presented to the Directors (from whom I received a vote of thanks), to the Managers, and others officially or

\* A portion of this exposition is given in the present "Elements," commencing at page 60.

professionally connected with the bank, to my personal friends, and to some of our large shareholders. The few copies that remained I have more recently placed in the libraries of public institutions.\*

The portraits were of the following persons :—

1. JAMES WILLIAM GILBART, F.R.S., the General Manager.
2. OLIVER VILE, the Manager of the Westminster Branch.
3. WILLIAM THOMPSON HENDERSON, the Manager of the City Office.
4. WILLIAM EWINGS, the Manager of the Bloomsbury Branch.
5. EDWARD KINGSFORD, the Manager of the Southwark Branch.
6. WILLIAM DENT ASPERNE, the Manager of the Eastern Branch.
7. GEORGE MICHAEL MITCHELL, the Manager of the St. Marylebone Branch.
8. HENRY TAYLOR FAIRLAND, the Secretary.
9. JOSEPH MUNDY TAPP, the Chief Clerk.

Of these nine, only three now remain in the service of the bank—Mr. Ewings, the present General Manager ; Mr. Asperne, the Manager of the Eastern Branch ; and Mr. Fairland, the Secretary.

1. Mr. Gilbert retired on a pension of 1,500*l.* a year, January 1, 1860, and is now a Director.

2. Mr. Vile retired on a pension of 1,000*l.* a year, July 1, 1855, and died June 26, 1860.†

3. Mr. Henderson died April 28, 1859.

4. Mr. Kingsford died November 5, 1856.

5. Mr. Mitchell retired on a pension, January 1, 1859.

6. Mr. Tapp resigned, September, 1855, and was presented with a gratuity.

On the title-page I placed the following texts of Scripture, and with these I close my retrospect of the testi-

\* To the future historian of the rise and progress of joint-stock banking in London, it may be useful to know that these institutions are—the British Museum—the Royal Society—the Statistical Society—the King's College—the London Institution—the Post Office Literary Society—the Young Men's Christian Association—the City of London Club—the Gresham Club—the Athenæum Club—and the Conservative Club.

† A Portrait of Mr. Vile was published in the *Bankers' Magazine* for 1856, with a Memoir written by myself.

monials I have received to my exertions in favour of joint-stock banking :—

“Thou shalt remember all the way by which the Lord thy God hath led thee, and thou shalt bless the Lord thy God for the good land which he hath given thee.”—*Deut.* viii. 2, 10.

“Beware that thou forget not the Lord thy God, in not keeping his commandments, and his judgments, and his statutes; lest when thou hast eaten and art full, and hast built goodly houses, and dwelt therein; and thy silver and thy gold is multiplied, and all that thou hast is multiplied; then thine heart be lifted up, and thou say in thine heart, My power and the might of mine hand hath gotten me this wealth. But thou shalt remember the Lord thy God, for it is He who giveth thee power to get wealth.”—*Deut.* viii. 11, 14, 17, 18.

“Behold, how good and how pleasant it is for brethren to dwell together in unity!”—*Psalms* cxxxiii. 1.

FINIS.









